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14 April 1986

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## FORMATION OF ABOVE-PARTIES GOVERNMENT ADVOCATED

Nicosia 0 AGON in Greek 2 Mar 86 p 3

[Editorial: "Yes, Above-Parties..."]

[Text] The forming of an above parties government from publicly-trusted people has been a steady demand of this newspaper. Consequently, we endorse and approve the proposal by the president of Democratic Rally [DISI] for formation of an above-parties Council of Ministers.

Not only do we approve, we call on the president of the republic to seriously study the suggestion and proceed to consultations with the political leadership with a goal of forming an above-parties government.

When DISI and AKEL demanded formation of a government of national unity, this newspaper disagreed, and based its disagreement on serious and proven arguments.

We said, and we continue to say, that a government of national unity is infeasible and, in the end, instead of a government of unity, a government of disunity will be accepted.

Why this is is very simple:

As long as there is no common line on the Cyprus problem, and no common approaches on the chief domestic problems, there are no prerequisites and bases for a government of national unity to function.

It will end up a government of Babel and, before it can even carry out its second session, it will dissolve under the weight of differences, disagreements and chasms.

If, of course, there were a common line on the Cyprus problem, and common theories on the main domestic problems, a government of national unity would be an ideal solution and a unifying element for the political forces and the people.

But at present the political leaders cannot even agree to meet! How will they agree to cooperate in an interparty government....

The only solution remaining, therefore, is an above-parties government.

Prestigious and publicly-trusted personalities should be called on to take up the reins and man a new government.

With a goal of becoming a bridge of unity between all the political forces and the people, and a mission of promoting and solving the country's burning problems.

Because Kliridis very correctly stresses the discordance and peculiarity prevailing now.

Let an above-parties confronting of the problems be sought through a party government!

This is not possible or fair.

In order to promote an above-parties policy and demand others to confront in an above-party spirit the chief problems, a government must be first, and above all, an above-parties body itself.

Within these frameworks, the burning economic problem, which is now being racked by party disputes, can be confronted, as can the country's other problems.

Moreover, the above-parties government will help in dispelling distrust and will restore a climate of trust and cooperation between the leaders and all the political forces.

But also, on the great national issue, it can become a contributive factor for promoting a common line and a pole for conciliating the various opposing opinions and positions.

We can proceed to formation of an above-parties government with the assurance that we are making a correct step forward and in the direction of strengthening unity and promoting the great problems we face.

The only thing needed is the inclination, and for serious initiatives to be undertaken.

And the initiative must come from the president.

The first step should be a meeting of the political leadership, with a topic of forming a government of public trust. And then we should proceed to choosing the appropriate above-parties personalities who will be called on to offer their services.

We are expecting there to be movement in this direction. And, we repeat, we are expecting the movement to be made by the president of the republic....

9247

CSO: 3521/99



## ELECTIONS ANALYST: SDP IN STRONG POSITION AFTER EC DEFEAT

Copenhagen BERLINGSKE TIDENDE in Danish 10 Mar 86 p 2

[Article by Thorkild Dahl: Social Democrats Could Win Next Election"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The public is moving away from "neoconservatism," in the view of elections analyst Jorgen Goul Andersen and with a new economic model the Social Democrats would be almost certain to win the next Folketing election.

The Social Democrats are headed for a great future and are likely to win by a landslide in the next Folketing election. The party's decline in the opinion polls is a superficial phenomenon and voters are increasingly ready to support a new unified Social Democratic project, according to elections analyst Jorgen Goul Andersen of Aarhus University.

The analyst has looked behind the opinion poll trends. On the basis of the independent study made by the Institute for Political Science, Jorgen Goul Andersen said that "only the Social Democrats themselves could prevent a landslide victory."

The results were published in the Federation of Trade Unions' FAGLIGT NYHEDS-BREV and according to the university's opinion survey from last September: "Dramatic changes have occurred recently in the economic and social attitudes of Danes--away from the brief flirtation with 'neoconservatism' and toward a united solidarity."

"More than at any other time since the landslide election of 1973 the Social Democrats now have a chance of presenting a unified policy that matches the growing socialist climate of opinion. If they fail to do so, other parties will fill the gap, of course," said Jorgen Goul Andersen.

According to the elections analyst the Social Democrats should come up with a unified "project" containing a new Social Democratic economic model that will ensure material growth while at the same time leading to fair social consequences and the avoidance of dividing the population into "A and B groups," a model that is also based on the views of environmentalists and peace activists.

6578

CSO: 3613/88

## CABINET SHUFFLE SEEN IMPROVING SCHLUTER CHANCES IN ELECTION

Copenhagen BERLINGSKE TIDENDE in Danish 12 Mar 86 p 7

[Article by Thorkild Dahl, Per Lyngby and Ole Dall: "Schluter Makes Deep Cuts"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The new cabinet team is intended to ensure re-election in the fall of 1987 and the prime minister has made one of the most extensive cabinet changes ever. Two women disappeared from the government and the man in favor of equality--the prime minister--now has a team of 18 men and 3 women.

Prime Minister Poul Schluter (Conservative) and Foreign Minister Uffe Ellemann-Jensen (Liberal [V]) made deep cuts to come up with what the prime minister called a new team that could ensure the re-election of the Schluter government in the fall of 1987.

"A team for the future" is what the foreign minister called the new cabinet which is being presented at 10:30 this morning to Queen Ingrid, the leader of the nation, following a drama in which six ministers were kicked out.

Prime Minister Poul Schluter had listened to his advisers and their criticism of an increasingly worn-out government. New people were needed.

The prime minister is presenting three new ministers brought in from outside the government and called it refreshing to carry out such an extensive reshuffling of the government.

"We considered it best to carry on as we started out. We also brought in people from the outside then, among them the tax minister and the defense minister," Poul Schluter said late last night.

Director Nils Wilhjelm (Conservative), chairman of the Industrial Council, will replace Conservative Ib Stetter, who has been criticized internally for not being dynamic and flexible enough.

There will also be a new cultural affairs minister, Professor H. P. Clausen--selected by the Conservatives--who is especially well-known as chairman of the Media Commission. There are high hopes that H. P. Clausen will be the

man who can get the negotiations going on a second TV channel and get quick results.

From the Novo drug concern comes former Conservative Folketing member, marketing director Henning Dyremose, who is taking over the controversial Labor Ministry which Labor Minister Grethe Fenger Moller never managed to get under control.

From the Conservative Folketing group comes political spokesman Lars P. Gammelgaard, who has long wanted a cabinet post. Liberal Finance Committee chairman Svend Erik Hovmand will be the new energy minister. The comet in the new government is Helsingør mayor Thor Pedersen (V), who sailed past many older colleagues in the Folketing group. He came in only a year ago as a deputy for former Finance Minister Henning Christophersen.

The new appointments mean that Internal Affairs Minister Britta Schall Holberg (V) after much criticism from the municipalities--but having completed her government task of collecting money--will move to the Agriculture Ministry. Here the job is to win over the majority that sharply opposed the policies of departing Agriculture Minister Niels Anker Kofoed.

Energy Minister Knud Enggaard will move to the Internal Affairs Ministry and thus a Liberal will continue to confront the municipal districts, most of which have Liberal mayors.

The future leader of the Center-Democrats [CD], Mimi Stilling Jakobsen, will be given a more prominent position, as expected, and will become social affairs minister, the position she asked for.

The departing labor minister, Grethe Fenger Moller (Conservative) is being given a golden handshake with her assignment as political spokesman for the Conservative group. Grethe Fenger Moller was respected as spokesman on labor market policy but as minister she ran into sharp criticism from practically all the labor market factions.

Agriculture Minister Niels Anker Kofoed, who has been criticized for not always being considerate of a variety of Liberal chairmen, and Fisheries Minister Henning Grove, who had to go to make room for someone else, were asked to submit their resignations.

Liberal Social Affairs Minister Elsebeth Kock Petersen balked for a long time and in the end refused to accept an offer to make her minister of housing. She then decided to resign. CD's Housing Minister Niels Bollmann has been criticized for passivity in his post and CD decided to make his seat available and bring Bollmann back to his job as chairman of the Folketing group, where he won respect in the past for his former efforts.

At the last minute the Christian People's Party tried to interfere in the government shakeup and arrived at the prime minister's office yesterday afternoon with a demand for another cabinet post in addition to the one held by Environmental Affairs Minister Christian Christensen.

The revolt of group chairman Jens Steffensen and national chairman Flemming Kofod-Svendsen did not lead anywhere and Christian Christensen is still the party's spokesman. Late last night the prime minister stressed that not only does the Christian People's Party have one big ministry--the Environmental Affairs Ministry--it actually has two, because Christian Christensen is also Nordic affairs minister.

The government shakeup means that there has been some change in the party balance in the government. The Conservatives got one more ministerial post and now hold nine, while the Liberals still have eight ministerial posts. CD lost one post and now has three and as before the Christian People's Party is the Benjamin of the government with only one ministerial post.

It is worth noting that Prime Minister Poul Schluter dismissed two women from the government without appointing any new ones to the four-party coalition government. The man in favor of equality--the prime minister--now has a government made up of 18 men and 3 women.

6578

CSO: 3613/88

## SPIEGEL SCORES POLITICIZATION OF CENTRAL AMERICAN AID PROGRAM

Hamburg DER SPIEGEL in German 13 Jan 86 pp 44-51

[Article by Richard Kiessler, SPIEGEL editor: "The People in Bonn Do Not Want That"]

[Text] Agrkicultural engineer Guenter Ullrich brakes the four-wheel drive vehicle at a dusty turn-off in the Valle de los Aburtos, 40 km northwest of Managua. Two campesinos with machetes climb on the flatbed; they want a ride to the next village.

Ullrich and his team are well known in this region of Nicaragua. Initially suspicious, later with amazement, the farmers in the vicinity of Nandayosi hamlet watched the work of the crazy Germans who, according to Ulbricht, "managed to turn shit into energy"--with the help of biogas plants.

Three years ago, when the Germans first arrived, biogas plants were still considered "technological folklore." Before the revolution that toppled dictator Somoza, Americans had vainly tried to teach the farmers how to convert organic waste into descented sewer gas and thus enable them to produce combustibile and environment friendly energy.

Following frustrating failures, the Germans succeeded in breaking through. The campesinos' suspicions gradually vanished. As Ullrich's fellow worker Reinhold Hoffmann puts it, "beans cooked on a biogas stove taste just as good as those cooked over a wood fire."

Experiments with small and medium size plants have just been concluded and the first tests begun, using cheap biogas to meet the energy needs of slaughterhouses or pig farms.

Unfortunately that project (No 80.2224.6 of the government controlled Society for Technical Cooperation (GTZ) in Eschborn) will not come to fruition because it has to be abandoned. Skilled farmer Ullrich says "we would need to stay another 2 or 3 years, but the people in Bonn do not want that."

The command given by the Ministry for Economic Cooperation (BMZ) is unequivocal. The GTZ has been closing down the project since the beginning of this year. According to an internal GTZ document, this pulls the plug on the

opportunity to spread biogas technology in Nicaragua on a large scale and within a very brief delay." A senior GTZ official comments that "for us to have to leave amounts to a disaster."

Juergen Warnke, Bonn's CSU minister for Economic Cooperation, does not dispute this judgment. He simply refuses by West German development aid to contribute to the stabilization of the leftist Sandinista Government which he accuses of disregarding human rights. Warnke has decreed that all projects in Nicaragua must be submitted to him personally; he decides what may be done and what must be abandoned--and that is virtually everything. The watchword is withdrawal; some DM50 million of grants approved earlier have now been frozen.

By contrast, the minister is pumping more and more money and aid projects into the neighboring El Salvador. Last year he promised DM50 billion to that country, governed by Christian Democrat Jose Napoleon Duarte. It makes no difference how human rights are abused there. The main concern is that the government carries on the correct policy, while German business earns excellent profits.

As one GTZ staffer reports, the Eschborn experts were requested to cobble together development aid projects "with a hot needle." The BMZ is said to have impatiently urged to at last make a German presence felt again in El Salvador, racked by civil war. A diplomat describes the situation by saying "the will to help is greater than the demand for aid."

Karl Klissenbauer, a skilled joiner, is in charge of a project initiated by the Bonn Christian Democrats. Together with two more GTZ fellow workers he is supposed to train 72 14-50 year old boys and men for semiskilled work in crash courses of only 500 hours. The equipment, 60 brand new tool sets, is in place. But the "desplazados," refugees who streamed toward the capital, only sporadically attend the courses.

The hasty program (with a term of 1 year) makes little sense. The end result is represented by a few poorly trained people whose skills are not adequate for the repair of the shacks in the overpopulated marginal districts of San Salvador.

Contradictions of German development aid policy in Central America: The withdrawal from Nicaragua and the commitment to El Salvador demonstrate Warnke's change of course. In the hands of the CSU minister, development policy has turned into a tool of export promotion exclusively. He frankly admits "that projects are chosen wherever German business is competitive and efficient."

Though Warnke pretends not to wish to "mobilize (the Third World) as a Western auxiliary force," Bonn's Third World policy is not to "contribute to its establishment in the camp of our international opposite number." In fact this is precisely what he is doing. With increasing blatancy he considers development aid a means for exercising political pressure in the argument with countries of a different stamp: Development aid becomes an element in the competition between the systems.

Flying in the face of all assertions by FDP Foreign Minister Hans-Dietrich Genscher that the Third World countries should not be drawn into the East-West conflict, his CSU colleague has resolutely linked Bonn development aid to the friend-foe strategy of the U.S. Western superpower.

This is evidently and against all good sense happening now in Central America. In this critical region, the backyard of the United States, the obedient Bonn Allies have subordinated their development aid to the "perfectly well understood security interests of the West" (Warnke), specially in Nicaragua and El Salvador.

Entirely in the CSU minister's spirit, an internal BMZ file pleads for "closer cooperation with pro-Western developing countries...(and) an end to undifferentiated aid to those developing countries which have ranged themselves with the Soviet Union's aggressive international strategy." This remark is aimed in particular at Sandinista Nicaragua.

Warnke's crude interpretation of relations with the recipient countries was demonstrated following the American invasion of Grenada. At that time he explained to the general public that the CDU/CSU felt total solidarity with U.S. President Ronald Reagan's interventionist policy. In the fall 1983, Warnke said "the countries of the Third World must learn that they cannot get away with abusing their sovereignty."

Waltraut Heidenreich--the only woman among the GTZ experts still working in Nicaragua--had come to that Central American country precisely because she wanted to assist the development of national independence. "Not as a spectator at a revolution," she says, "but because I back the attempt of the country to achieve greater independence."

This purpose is served by her project in the education ministry in Managua. Waltraut Heidenreich drafts curricula for elementary schools as well as training and continuing educational programs for teachers. GTZ experts urged that this work should continue, especially in the ideologically neutral disciplines natural science and agriculture. However, without even advising the people concerned in Nicaragua, the Minister for Economic Cooperation ordered the tapering off of GTZ project No 80.2103.2 "expansion of the primary school system." Last week, on the other hand, the minister quietly decided to extend a half finished projects related to vocational training. His reason: The future auto mechanics will drift to private enterprises and therefore not be useful to the Sandinistas.

This is the point at which Warnke's cynical doctrine of the have-nots' limited independence comes to the fore: He is making further development aid for Nicaragua dependent on "the Sandinistas abandoning their export of revolution and realizing a minimum of pluralism." The Bonn people justify their policy by claiming to consider NATO. A paper by the Foreign Ministry, dated 19 October 1985 notes that "the United States views the entire Caribbean as a strategic region of vital interest for the North Atlantic Alliance, too."

Such considerations do not deter the British, French, Netherlands or Italians from providing further development aid to the Sandinistas or even pursuing project already abandoned by the West Germans.

In fact Warnke's policy is due far more to subservience to the United States. Even Bonn's diplomats admit that the Kohl Government is all too willing to bow to American pressure. Their internal analysis runs something like this: Washington's aid to the Contras who fight the leftist regime in Managua, has been rather unsuccessful. That is why Elliot Abrams, undersecretary competent for Latin America in the State Department, is calling for greater pressure on Nicaragua "by stopping all foreign aid"--including that granted by the Europeans.

Warnke has learned his lesson well and made it prevail in the Coalition--against Genscher's Foreign Ministry. The latter's diplomats consider Warnke's policy to be on the wrong track entirely. "Our basic concept is wrong," complains a German ambassador in Central America, "and needs to be reviewed." However, the head of the Foreign Ministry, fed up with coalition squabbles about "subsidiary theaters of war" (Genscher), is avoiding a showdown.

To cite the latest example: In Luxembourg last November, when the foreign ministers of the EC countries agreed on financial aid for all six Central American states, Genscher--under pressure by Warnke--insisted on inserting a reservation in the minutes: This said that the moneys were intended for countries where human rights are respected and "democratic freedoms" guaranteed. The French thereupon insisted on their own addition: Not a single Central American country may be barred from financial aid.

The reference to human rights shows all the hypocrisy of Warnke's policy. Let him explain why development aid to Nicaragua should be prohibited while such aid to neighboring El Salvador finds favor--simply fraudulent labeling: The one tiny country is alleged from the American viewpoint to have fallen prey to the Soviets and to threaten all dissidents as well as its neighbors. The other, governed by Duarte, is claimed to be experiencing a democratic revival.

The knitting pattern is as simple as it is wrong. It is true that in Nicaragua, beset by civil war, human rights are constantly abused. On the occasion of an inspection trip in Nicaragua last December, left wing SPD deputy Hans-Ulrich Klose noted "degrading conditions" were common in the treatment of members of the opposition.

However, in contrast to El Salvador, the reports by international human rights organizations such as "Americas Watch" agree that "no killings by security organs are occurring." There are no missing persons, such as were kidnaped, tortured or murdered by the death squads of the right. On the other hand, the Contras--backed by U.S.money--are guilty of massacres of civilians. In April 1983, for example, German physician Albrecht Tonio Pflaum fell victim to a Contra death squad.

According to SPD emissary Klose, human rights violations are "considerably worse" in El Salvador than in Nicaragua, and the same was reported earlier by Amnesty International and the Red Cross. The former Hamburg mayor noted



"the daily practice of torture" in the country of reformist Christian Democrat Duarte. Moreover, Church people in San Salvador confirm that political murder of members of the opposition is again on the rise. Arbitrary arrests by the army continue to exactly the same extent, the state of emergency persists.

CDU right wingers, such as Parliamentary State Secretary Ottfried Hennig (and that fits the picture) justify this officially sanctioned terror by saying that it is not possible "to totally turn upside down an army which is in midst a hard and life threatening struggle."

Such slanted excuses paper over the contradictions of Bonn's development policy. Human rights are not by any means a universal criterion for the grant or refusal of money. CSU Minister Warnke, for example, gives many millions of development aid to Zaire and Togo, the two "Bavarian-African" countries courted by his party chairman Franz Josef Strauss.

Not a single press release issued by Warnke's ministry mentions the fact that neither of these two regimes--as per the evidence submitted by Amnesty International--shies away from human rights violations.

Not only anticommunist fellow travelers of the ilk of the corrupt Zairian ruler Mobutu Sese Seko enjoy the full bounty of the Warnke millions. Other leftist regimes, such as those in Mozambique, Angola, Ethiopia or Zimbabwe, are also granted aid without political strings though none of them can claim to be a model country with a pluralistic structure. However, they are not quite so important to Washington--and therefore Bonn.

According to the residents of Managua, Nicaragua--on the other hand--is located "so far from God and so close to the United States." Since Warnke has taken over the BMZ, different yardsticks are applied to that country. In October 1984 he trumpeted: "If the Sandinistas want to get promises from us, they will have to stop stirring up the civil war in Salvador."

Lately he has somewhat toned down the standard accusation that the regime in Managua was "invading its neighbors"--evidently for lack of sufficient proof. In fact, military aid for the guerrillas in El Salvador has declined, and the leftist fighters get their weapons replacements from corrupt officers in the Duarte regime. The economically beleaguered Sandinistas limit themselves to ideological support.

Bonn's policy with regard to El Salvador is very different indeed. Human rights violations and official repression concern the BMZ as little as does every day corruption. Duarte is to get his millions--and domestic business is to profit thereby.

The confidential BMZ "record of results" of 30 August 1985 on negotiations with El Salvador of about development aid say that "the German delegation"

...pointed out that there was an intimate link between sufficient employment in the German economy and German possibilities for development cooperation.

That is why

Taking into consideration its competitive capacity, German business was to receive preferential treatment with regard to the deliveries and services involved in the cooperation projects, selected by developmental criteria.

The same had applied to earlier "commodity aid" also. In 1984, Bonn granted DM30 million. Since then, complained BMZ State Secretary Volkmar Koehler, only DM13.7 millions' worth of pharmaceuticals, chemical raw materials and machinery had been ordered. Nevertheless, Bonn promised another DM20 million in commodity aid for 1985. Bayer, the chemical giant, was the main beneficiary.

Simultaneously the Bonn people wish to revive old projects, abandoned for security reasons in 1979, during the civil war.

One example is the Atiococho irrigation project. DM2.7 million of Bonn's tax money is to be spent on land, service centers, sets of machines and a fodder factory.

At his visit to El Salvador in September 1984, Minister Warnke avoided the strenuous overland trip to Atiococho--for security reasons. If he had gone, he would have been able to inspect the expensive but useless rice husking machine made in Germany. It sits unused and rusting in the El Jemen workshop.

During daylight hours the project is guarded by government soldiers equipped with German G-3 rifles. Before dusk, though, they retire to their barracks--and then the guerrillas arrive from nearby Chalatenango Province.

Moreover, the agricultural technicians sometimes strike for higher wages with the result that the few still operating tractors cannot be delivered to the campesinos. Consequently the rice paddies are not irrigated in time, and the second harvest is lost. Donated food from the industrial countries fills the gap.

At the freeway overpass in front of San Salvador's airport terminal, the Duarte Government is displaying a banner thanking its foreign friends for generous donations of all kinds: "Gracias Amigos del Mundo por su Respaldo--Thanks to Our Friends the World Over for Their Support."

Those thanks are certainly meant also for the Konrad-Adenauer Foundation (KAS), linked to the CDU. It assisted the Christian Democrat head of government in his election campaign by providing a radio transmitter paid for by German tax money.

Usually members of the Bundestag Committee on Economic Cooperation scrutinize all plans before any grant is approved. Former Green deputy Gaby Gottwald complains that the members of that committee "only learned about this project in mid-1984, in other words after Duarte's election." The Warnke budget's confidential "comparison of targets with actual figures" shows supplementary payments amounting to DM297,500 and DM1.37 million respectively to the KAS "for the construction of transmitters and the operation of a radio transmitter" in El Salvador.

In Nicaragua the foundation is quite uninterested in any thanks by the government. Employing BMZ money, it assists the Association of Private Entrepreneurs (Cosep) for the purpose of "studies and seminars"--to the tune of DM990,000 in 1984 alone. In future it even intends to train private managers, provided the Sandinistas consent.

The CDU foundation lost the confidence of the Sandinistas when it aroused the suspicion of having channeled CIA money to the anti-Sandinista guerrilla organization Arde, led by Eden Pastora. The KAS head office denies this allegation. General manager Lothar Kraft claims that former staff member Wolfram Picht had "solemnly sworn" not to have laundered money.

The facts are these: In May 1984, Picht hastily left the Hotel Ticomo in Managua, asked the German Embassy for an escort to the airport and, on the instructions of the KAS, departed for Costa Rica with his woman friend. The Adenauer employee fled when the radio quoted a report by the WASHINGTON POST which claimed that the foundation had channeled more than \$1 million CIA money to the Contras.

The KAS is permitted nevertheless to cozy up to the legal opposition, unmolested by the Sandinistas. The FDP controlled Friedrich-Naumann Foundation also was able in 1984 to provide DM110,000 financial aid (contributed by the BMZ) to the opposition newspaper LA PRENSA. SPD expert Uwe Holtz asks the pertinent question: "Where else in the Third World are political foundations able to so openly collaborate with opponents of the government?"

Warnke, though, refuses to acknowledge that. Not only does the CSU minister cut his department's aid to Nicaragua, he also exerts pressure on private or ecclesiastical institutions dependent on BMZ allocations so as to make them turn their backs on Nicaragua.

The minister refuses to admit the facts confirmed by the German personnel of all official, ecclesiastical or private aid organizations. Warnke's otherwise avowed principle of "strengthening the forces of self-help" is evidently succeeding in Nicaragua. The framework conditions for development aid there are better by far than in most Third World countries. GTZ biologist Rainer Daxl notes that "here our aid indeed benefits those in need."

"Bread for the World" chief Hans-Otto Hahn complains that, "under these circumstances it is unjustified for the Federal Government no longer to approve aid to Nicaragua and to actually keep back money already approved."

Protestant Church people like Hahn have resisted Warnke's strong pressure. "Services Overseas" (DU), for example, have increased their staff in Nicaragua from 16 to 25 since 1984.

Among them is Ernst Fuchs, formerly chief neurosurgeon at West Berlin's giant Steglitz Hospital. In 1978 Fuchs joined the Sandinista guerrillas and, since the victory of the revolution, has been performing surgery at the modest Lenin-Fonseca Hospital in Managua. Dr "Carlos Vanzetti" kept his assumed name from the times of the guerrilla. He had a contract with the GTZ until 1983, when--for spurious reasons, he asserts--his contract was not renewed. He is now paid by the DU.

The German Development Aid Service (DED) in Nicaragua suffers from the pressure of the Warnke ministry even more than the ecclesiastical institutions which get only part of their funds from that department. The remaining 25 DED personnel are permitted only to initiate projects "with private institutions."

In practice that is not so simple. The five telecommunication engineers in Managua, for example, who endeavor to prevent the collapse of the telephone network, are able only to cooperate with the government. Siemens, operating very profitably in Nicaragua before the revolution, withdrew from there when the Bonn conservatives barred government guarantees for Nicaragua.

Former china and porcelain lobbyist Warnke does not otherwise allow any opportunity for selling German telephones to slip him by, not even in poverty stricken Bangladesh. Only Nicaragua was rejected. According to the BMZ, it would "not be sensible in terms of development policy."

DED has been barred for the past 2 years from initiating any new projects with the Nicaraguan Government. Satisfactorily running and long-range projects in agriculture and crafts had to be abandoned, development ruins are left. A DED staffer in Managua comments bitterly: "Nobody at all in the BMZ cares in the least about the projects operating here."

One example is the development of a process for blowing plastic, invented by a DED aide: Toothpaste tubes are made of plastic, no longer of costly tin. That alone saves the state \$1 million.

As it is, this project was implemented by private aid: IG Metal labor unionists in the Federal Republic collected money and shipped a hardening furnace as well as polishing and milling machines.

In general, the withdrawal of official aid has given rise to a kind of developmental counterculture. Among West German labor unions, churches and youth associations, solidarity with the small obstinate country has achieved dimensions almost unprecedented for a Third World country or liberation movement.

Albert Luther (DU office in Managua) estimates that about 400 West German, including official aid personnel, work somewhere in the country. The "Sandalistas" are building schools, picking coffee or, like two emergency

physicians of the "Cape Anamur Committee," work in first aid stations right in the middle of the battlefields.

One SPD group in Bad Hersfeld collected DM40,000. After Christmas some comrades worked for 3 weeks in the hospital at San Carlos. Other "brigadistas" from German Nicaragua committees are testing themselves in Pantasma Valley on the reconstruction of farmer cooperatives, attacked and destroyed by the Contras.

Above all, money is being collected for Nicaragua all over the Federal Republic. The Young Socialists picked up more than DM150,000 for a paving stone factory in Masaya, Darmstadt residents gave DM100,000 for a vocational school, even the Young Union is appealing for money for Nicaragua.

The Land Hessen sent DM1 million when "medico international" asked for money for a hospital on the San Juan River and did not get any from Bonn. Warnke has appealed this decision with Minister President Holger Boerner.

"This FRG policy," comments Dr Carlos Vanzetti, "is pushing the country in exactly the most undesirable direction: Wherever the Germans withdraw, the East enters."

Josef Rusnak, Bonn's Ambassador in Managua since September last, puts it this way: "We cannot influence a regime without doing something."

11698

CSO: 3620/230

## STALINIST NEWSPAPER BLAMES GROWING RIFT ON AALTO, SKDL

## 'Aalto Group' Disintegrating SKDL

Helsinki TIEDONANTAJA in Finnish 7 Feb 86 p 2

[Editorial: "Election Work"]

[Text] It must be said with complete clarity that Aalto's faction has already made decisions to disperse the joint election alliances of the SKDL [Finnish People's Democratic League]. All proposals for ensuring joint election alliances free of discrimination have been rejected. In this sense the disruption of the election is already a fait accompli. No one should any longer be unclear about this.

Aalto's faction and its helpers in the leadership of the SKDL are now only carrying out a low-profile tactic in their disruptive efforts. Esko Vainionpaa's recent boast about disrupting the elections and wager on a bottle of vodka have been confirmed to be stupid and revealing. Now they are observing a tactic of silence and obscurity in public at the same time that a policy of disruption is being consistently put into operation.

Aalto's faction has calculated that in this way it can alleviate the burden of its own guilt, foment confusion and an atmosphere of expectation among the People's Democratic movement's members and supporters, and disrupt unified ranks.

Now all those who support the overall interests of the movement must reveal and condemn the already accomplished disruption of the SKDL's election alliances and adopt measures to protect the full election rights of the Communists, People's Democrats, and other progressive forces if the SKDL's leadership does not retract its disruption decisions by 1 March. The protection of these rights cannot be compromised.

At the same time, every effort must be made to let the movement's members, supporters, and workers know who is promoting the disruption of the elections, why, and with what repercussions.

A disruption of the elections would result in an election defeat, would essentially weaken the influence of the Communists and People's Democrats and thus the influence of the workers' and democratic movement, in general, in the life

of the country, would completely correspond with the interests of the right wing, and would open up the path for it for an increasingly far-reaching effect on domestic as well as foreign policy.

This is also pointed out in an article in today's edition, in which right-wing actions against the SKP are discussed. The chief organ of the CPSU, PRAVDA, has also given serious attention to this same matter several times.

The forces which have adopted a unified front in election work must adopt the building of a broad democratic front as its guiding star instead of disruption as well as dare to come out on behalf of political objectives in accordance with peace, our country's national interests, and the workers' interests.

Election work must begin immediately.

#### Columnist on 'New Party'

Helsinki TIEDONANTAJA in Finnish 11 Feb 86 p 3

[Commentary by Erkki Susi]

[Text] Once again the establishment of a new party is being foisted upon the SKP's Marxist-Leninist majority.

In Saturday's edition of ILTALEHTI Uolevi Mattila stated that the "Taistoites" [Stalinists] are establishing their own party at a meeting to be held this spring.

Mattila even knew the time and place of the meeting. That which Mattila is relating and on whose behalf he is distorting the facts can be determined from one or another source of information.

On the same day the provincial People's Democratic newspapers, for their part, published DLP's "news", according to which "the TIEDONANTAJA faction intends to establish a new party...rather soon after 1 March". A completely absurd reference is made to the lead article dealing with election unity in Friday's edition of TIEDONANTAJA.

In the above-mentioned cases an attempt is being made to turn the hopes of those dividing the SKP into a reality by means of propaganda.

Whatever measures the forces on the side of the SKP take, it is misleading to talk about the establishment of a new party.

The majority of the SKP's organizations and members is on the side of a unified Marxist-Leninist SKP. This majority is comprised of traditional, united SKP organizations and members, is based on the regulations of a unified SKP, and carries the membership card of a unified SKP.

Why should this majority resign from the SKP and establish a new party? It should rather be Aalto's faction, which represents a narrow minority.

Aalto's faction is building and will be forced to build a new right-wing party. An attempt is being made to provoke those on the side of the SKP to leave the SKP in order to cover this up.

Is not a new party being contemplated rather by Aalto's faction, which is compelled to establish legions of new disruptive organizations and to select a suitable membership for its new party, which holds power illegally and contrary to the regulations, which has tampered with these regulations and has exchanged democratic centralism with bureaucratic centralism?

How are the forces which are bound to the SKP's tradition of struggle, the SKP's principles, the SKP's main line, the SKP's national and international essence, and to the SKP's international relations establishing a new party?

A new party is being contemplated by those who belittle the SKP's tradition of struggle, turn its policy of principles into a non-Marxist reformism, nationalism, and class harmony, and damage its international relations.

How can there even be any talk about the establishment of a new party on the part of such a force which itself represents the SKP? A new party is being established by those who are not pleased by a united Marxist-Leninist SKP.

The forces on the side of the SKP may, indeed, have to rebuild a Marxist-Leninist SKP if or when Aalto's faction takes its policy of disruption and liquidation to a conclusion.

Aalto's faction may also procure for itself the exclusive right to use the "SKP" name for its new party.

But if the issue is looked at from the point of view of content and not form and from the point of view of judicial administration, the forces on the side of the SKP will ensure the continued operation of the SKP as a Marxist-Leninist party.

Nitpicking, trickiness, and mysticism? Hardly. Rather logic if one is of the opinion that Aalto's faction is building a new party.

Last week TIEDONANTAJA published an article entitled "When Honesty Deceives", in which the attitude of Aalto's faction toward internationalism was examined.

Aalto's Politburo debated this rather aggravating article from its own point of view and decided that Information Secretary Oiva Bjorkbacka will write an answer with his gloves on.

Bjorkbacka's article was published in Friday's KANSAN UUTISET. Not one reader could conclude on its basis as to why the article published in TIEDONANTAJA caused so much consternation for Bjorkbacka, he did not discuss or refute one single point in the article. More than this was found in abuse. Sad.



## Stalinists Expelled from SKDL

Helsinki TIEDONANTAJA in Finnish 11 Feb 86 pp 22-23

[Article by Risto Repo and Heikki Haapala: "When You Are No Longer A Candidate..."]

[Text] The SKDL is headed toward disintegration at a rapid rate, divided election alliances and the largest political defeat of its postwar history in the next parliamentary elections.

In the field, among the rank and file, and in circles of friends and supporters it is being asked whether anything can still be done to preserve a united election campaign. And if not, then what should be done?

Last Thursday, KANSAN AANI, a district publication of the SKDL appearing in Vaasa, declared on its front page: "It Has Come to This: Soderstrom Is Not A Candidate". In spite of the apt headline, the story does not attempt to sound the alarm on behalf of a united election campaign. To the contrary, its message is that in addition to the fact that nothing can be done, nothing must also be done.

"Not Acceptable for Even A Membership Vote"

The SKDL's Vaasa District Secretary Erkki Peltola, who was interviewed in the story, says that next September the district intends to conduct a membership vote on MP candidates for the parliamentary elections to be held in March 1987. Deviating from previous practice, not all the candidates proposed by the sections will make it as candidates for the membership vote, only those "who the district committee approves" for the membership vote. And to make even more certain, the district secretary declares: "Soderstrom will not even be accepted for the membership vote". "This line has now been chosen, and we will stick with it," adds Peltola.

Tennila, Stenius...

Sten Soderstrom is not the first of the incumbent MP's who will not be included in the SKDL's list of candidates according to the determination made by Arvo Aalto's faction.

A few weeks ago, the SKP's Lapland District Secretary Paavo Suosalo announced that Esko-Juhani Tennila will not be included in the SKDL's lists from Lapland.

30,000 Votes

Last week MP Marjatta Stenius was notified that her column will no longer be published in the People's Democratic HAMEEN YHTEISTYO. The new Chief Editor Pekka Lehtonen justified this decision to Stenius: "Since you will probably not be a SKDL candidate in the next parliamentary elections, there is no reason to publish your columns."

Sten Soderstrom received 6,809 votes in the 1983 parliamentary elections, Marjatta Stenius 7,727 votes, Esko-Juhani Tennila 14,995 votes. With these notifications alone the faction disrupting the Communist and People's Democratic movement has declared to nearly 30,000 voters that they are acceptable as SKDL voters only as long as they reject those MP's in whom they have already become accustomed to trust and who have acted in accordance with the united stand of the SKDL's parliamentary group in every single parliamentary session during this election period and have kept what they promised before the elections.

The measure is not limited to these three incumbent MP's, it will extend to at least 11. In addition to them, the lists will not include 10 chief shop stewards, representatives of culture and science, peace activists...

Thus it is not enough that the present leadership of the SKP and the SKDL want to change the SKP's and SKDL's membership. It wants to dissociate itself from the SKDL's constituency also.

#### The Famous Wager

These notifications sealing the disintegration of the SKDL's united election alliances do not come as a surprise. That manuscript which is being carried out in the disruption of the elections was written last year already even though it has from time to time been slightly revised with respect to tactics.

At a press conference held after the SKP's illegal extraordinary congress in March 1985 Arvo Aalto and General Secretary Esko Vainionpaa stated openly that the SKDL's election alliances will be dissolved in the next parliamentary elections.

Vainionpaa reaffirmed this in his now famous "vodka bottle" interview in KANSAN UUTISEN's 18 May issue of VIIKKOLEHTI by stating that "he considered it a more probable alternative that the SKDL will enter the next elections without TIEDONANTAJA supporters (the name means all Communists and People's Democrats who have adopted a critical attitude toward the present party leadership). According to the interview, "a strict timetable" had already been nailed down, and the situation "would be clear" "in the spring of next year". At the conclusion of the interview he made a wager over a vodka bottle "that the TIEDONANTAJA group will not have one MP in 1987 in the whole country". Thus the new general secretary of the SKP took a rather cheerful attitude toward the catastrophic decline of the number of SKDL's MP's, which two election alliances would mean just from the point of view of simple election mathematics.

#### Membership Purge

Divisive speeches continued as organizational actions immediately in the fall. In October eight of the SKP's district organizations were suspended from the SKP, after that, six of the SKDL's corresponding district organizations. The suspensions of individual members from party sections and party sections from districts were commenced, the suspensions of party sections from the party itself are being promised.

Finland's election law is in the background of this organizational game. According to it, a membership vote on candidates must be conducted in parties nominating candidates. So that not one single candidate who has taken a critical attitude toward the disintegration of the SKP and the whole People's Democratic movement would be nominated in the SKDL, they will be denied the right to nominate candidates as well as the right to participate in a membership vote on the candidates.

#### Multiple Verification

An attempt is being made to protect "pure lists" by several complementary purging procedures, which partially overlap one another:

- 1) Individuals are suspended from the party, the reason being, among other things, participation in actions to salvage the unity of the SKP.
- 2) Such sections which refuse to suspend individuals requested to be suspended are expelled from the districts. Thus these sections cannot fully participate in the nomination of candidates and a membership vote.
- 3) Out of a total of approximately 1,300 SKP sections about 500 are in the suspended districts (there are eight of them) and thus are not able to participate in the nomination of candidates any more than in a membership vote since they do not belong to the disruptive district organizations established in the areas of the eight districts.
- 4) Such SKDL district organizations which do not consent to engage in disruptive actions (Joensuu and Kymenlaakso) are being expelled.
- 5) Membership cards are being exchanged in the SKP, and the right to a membership vote is being granted only to those who are issued a new membership card. This is perhaps the greatest swindle in a long series of illegal actions since membership in the party cannot be taken away by taking away one's membership card.
- 6) The statement made by the SKDL's Vaasa district secretary and quoted in the beginning of this article demonstrates that if any dissidents should by chance be left in the SKDL's organizations after the purging actions already accomplished and to be accomplished in the future, the SKDL's district committees will prevent their proposals from being taken into account in a membership vote.

During this whole process, which began about a year ago, those who have demanded unity in the Communist and People's Democratic movement have attempted to stop the disruption and obtain guarantees for unified election alliances.

They were rejected at the SKDL's congress last May. They were rejected in October in the SKDL's Joint Council. The SKDL's Executive Committee, which met last in January, rejected the proposal made by the Committee of SKP Organizations for unified election preparations and election alliances. It refused even to negotiate the matter.

## What To Do Now

The Committee of SKP Organizations, to which now already belongs a clear majority of the party organizations operating in the country, will next weekend deliberate those specific actions which the situation in the Communist and People's Democratic movement demands with respect to the unity of the Communist movement as well as the elections. Prior to this, it will perhaps be good to confirm the following circumstances:

- 1) The Paris Peace Treaty concluded after World War II guarantees to Communists also the equal right to participate in elections in Finland. We cannot tolerate a situation in which a faction which has seized the SKP's leadership with a paper membership could succeed in preventing the exercise of this right in our country.
- 2) The chief policy line recorded in the SKP's decisions jointly with the Communists is the building of a democratic front against big capital and the right wing in Finland. The expansion and reinforcement of such a front is more timely than ever before in postwar Finland; it has never been threatened as it is being threatened now at the same time that the opportunities for its expansion would otherwise be rapidly increasing. Thus we cannot allow a situation to prevail in which this chief policy line is not "temporarily" carried out, but the involvement is with something else regardless of how difficult its accomplishment is being made, in this case by the actions of Aalto's faction.
- 3) It is a complete waste of time to expect that the situation will be reevaluated in the SKP's and SKDL's leadership in the present situation and that the initiative will be taken to form unified election alliances. Therefore, preparations for the elections must be commenced now already from the foundation set by the SKP's chief policy line. We must begin the deliberation of political questions in the elections, the nomination of candidates, the greatest possible visible and extensive election campaign, the collection of money, the building of an election organization. The more effective the work on behalf of this, the stronger the pressure will be on those who are now directing their efforts toward disrupting the elections and not working constructively.

### An Example in Oulu: SKDL Would Lose Two Representatives

The SKDL suffered a bad election defeat in the province of Oulu in the last parliamentary elections. One seat in parliament out of five previous seats was lost and another came close to being lost since the SKDL received the last MP spot.

In the 1983 parliamentary elections the SKDL received 50,821 votes in the election district of Oulu. It obtained four MP's with this number. If the number of votes had been 2,200 less, only three parliamentary seats would have been won.

The declining support for the SKDL since the last parliamentary elections in the district of Oulu means that the number of votes will drop to approximately

41,000. Thus the third parliamentary seat is beginning to be threatened since nearly 40,000 votes are needed to guarantee it.

If the SKDL's election alliances are disbanded in accordance with the Aalto-Vainionpaa plan, it appears certain that the SKDL will lose even another parliamentary seat in the election district of Oulu.

While the SKDL has traditionally had five MP's from the province of Oulu, the number is threatening to fall to two as a consequence of two successive election defeats.

The SKP/SKDL leadership has already inflicted serious damage to the election campaign with its loose policy and disruption of the election alliances and organizations. Only an immediate turnaround to united action can mitigate an otherwise threatening election defeat.

The Unification Committee of Communists in the SKP's Oulu District Organization decided at its meeting on 2 February 1986 to appeal to the People's Democratic district organizations for the building of a unified election alliance. The election alliance is to be free of all discrimination. It will direct its efforts toward the struggle against big capital and right-wing trends on behalf of the interests of the working people.

10576

CSO: 3617/76

## BRIEFS

DEFENSE MINISTER TO QUIT PARLIAMENT--Vaasa--Defense Minister Veikko Pihlajamaki (64, Center Party) will not be a candidate for Parliament in the next elections. Pihlajamaki announced his decision to quit in an interview published in the newspaper ILKKA on Thursday. Pihlajamaki said he was leaving politics a satisfied man. The decision to abandon parliamentary work was made right after the last elections, according to Pihlajamaki. He deliberately wanted to postpone announcement of his decision as long as possible so that he would not be included among those who have become disillusioned with parliamentary work. Pihlajamaki says he is content with the way the Finnish Parliament operates. The reasons for Pihlajamaki's withdrawal are completely personal. He has behind him 14 years as a parliamentary representative, and he has served as defense minister since the year 1983. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 14 Mar 86 p 13] 12327

CSO: 3617/85

## COLUMNIST ASSESSES PASOK'S 'CONTRADICTIONS'

Athens ENA in Greek 6 Mar 86 p 13

/From the "Against the Current" column: "Cronos and His Children"/

/Text/ Yet another top-ranking PASOK official, Gerasimos Arsenis, "has been placed outside of the Movement." Many others have already been promoted so that this ousting will not result in any claims for being original. Until a few months ago Mr Arsenis was the uncontested and all-powerful lord of the economy. Today, not only is he outside of the government but even out of the party itself. Once again Cronos has devoured yet another of his children because, in the long run, PASOK is truly being proven to be Cronos.

At first glance, Mr Arsenis' ousting was a surprise. In reality, however, it was an expected event. And, of course, a follow-up to this event cannot be ruled out. A follow-up that constitutes a logical end to PASOK's makeup. Because, in the long run, Mr Andreas Papandreou's party is the most contradictory element that contemporary Greek political history has ever known. It is these contradictions --both internal and external--that result in sudden promotions or the most sudden downgradings of its cadres. It is exactly these contradictions that make PASOK a Cronos that devours its children.

PASOK's first contradiction is to be found in its own popular grass roots. All social classes vote for PASOK. Farmers vote for it and so do urban dwellers. Blue collar workers vote for it and so do white collar workers and also professionals. In essence, it has succeeded in what Mr Laskaris had at one time maintained about the abolition of the class struggle because, in fact, never before in post-war Greek history had any party succeeded in acquiring such diverse popular grass roots.

The second major contradiction is to be found in its cadres. Many of them realized they had vast political power in their hands without at the same time having the necessary underpinnings, the necessary experience and the necessary background. In essence, PASOK came about through a political parthenogenesis in 1974 when Mr Andreas Papandreou returned to Greece. And, of course, the present prime minister has since then transformed the party's leadership cell to his own personal criteria. Thus, many of those who now exercise power owe their strength more to Mr Papandreou's personal favor and less to their own political background. Of course, it is for that reason that "they fall" when they lose that favor.

The third major contradiction is PASOK's very nature. Since it is exactly a true multifaceted party it cannot speak in one voice. It has to address the rising middle classes in one different form of voice and the radicalized masses that are captivated by slogans about independence, national sovereignty, etc., in another form of voice. PASOK has to speak differently to the small and average-sized business people and again differently to farmers. From its very nature, PASOK is obliged to hold on to both rightist and leftist cantors. However, quite often, when the political game situation changes, it forces its leftist cantors to chant rightist hymns and vice versa. Then, of course, some of these people "place themselves outside of the Movement," either on their own initiative or on Mr Pagoropoulos' initiative.

The fourth very important contradiction is PASOK's position on the present political map. PASOK is the party that dominates in the so-called "democratic progressive area," an area that until 1981 was fluid and vague since it encompassed the political arena that began with the leftist fringes of New Democracy and extended up to the communist Left area. Today, however, its scope is clear. PASOK has spread out toward the Right and Left but it has isolated the communists from the political game. In other words, PASOK is the party that expresses the so-called "progressive area," at the same time, however, being the breakwater to the communist Left. As long as PASOK exists, any repetition of a political phenomenon such as the one in 1958 when the communist Left had won in the elections and had become the major opposition is ruled out. In other words, PASOK is a progressive political phenomenon since it often formulates advanced positions but at the same time it is conservative since it precludes upsetting the present arrangement of things.

In truth, all of these contradictions are so many as to rule out all forms of shocks. Indeed, they provoke them. Yesterday, K. Laliotis departed and now G. Arsenis is leaving. Tomorrow, somebody else will leave. This is the nature of things. Surprise would have been just the opposite. If, that is, Cronos did not devour his children.

5671

CSO: 3521/109



## REJECTION OF PASOK COOPERATION PROPOSAL TO LEFT 'PROPER'

Athens I KATHIMERINI in Greek 13 Mar 86 p 5

[Editorial: "The Only 'Aid' Which is Justified"]

[Excerpts] If one excludes the directed enthusiasm of the pro-government press about the merit of the "call to assistance" Papandreou directed to the opposition parties, no one else in our "transformed" country perceived the merit or took seriously the prime minister's initiative. It was, therefore, very natural for the parties' leaderships, to whom the "call" was directed, to reject it, thus protecting, if nothing else, the public's estimation of their seriousness.

From whatever side an effort might be made to analyze Papandreou's proposal, it is impossible to not point out the elements which support its rejection, and impose the categorical refusal of every responsible party to accept that it is possible for "saving" developments--in the economic or any other sector--to be set off by its acceptance.

The timing of the prime minister's call is, perhaps, the most significant element for exposing it as a simple propagandistic "effect," planned to provoke, yet another time, confusion among adherents of the parties of the Left.

After Papandreou, during the first four years of his power, devoted himself to shattering the productive mechanism, which was in the hands of the most developed private capital, and to ripping the "Right" from the state, he began, immediately after his second electoral victory, to search for ways to repair the damage caused by the government and party practice up to that time. A main characteristic of this "search" was abandonment of the socialistic formula for dealing with the problems which came up and, at the same time, defenestration by the government and party of those who ascertained the total discord between the new policy and the formula in question. The prime minister's unfeigned opposition to the communist parties was an unavoidable consequence of this "change in the course of change"!

Now Papandreou, calling the "traditional" people to confer with him for the "surest road to socialism," is creating--and, of course, leaving unanswered--a critical question: If he really is sticking to the socialist reformation, then why did he throw out of the party those who are perservering in this? And, because they perservere, accuse them of being...puppets of the communist parties? How is it possible to call on the leaderships of the communist parties to develop for him

their opinions on the surest road to "change" when these opinions condemn them as a "deliberate impediment" to the success of his policy for "stabilizing" the economy?

The doubt also has a second limb: If the prime minister is sticking to socialization of the Greek society and economy, if with his "call" he is letting it be understood that only from a socialist reasoning can come the recovery, restoring, restructuring and development of the economy, then what is he seeking from private capital, local and foreign? To bring its capital here, to invest it, so PASOK can nationalize it and then socialize it?

All such things are fickle and incomprehensible, and they suffice to prove naive anyone, from the liberal political world at least, who believes it is possible to offer Papandreou help in dealing with the crisis!

9247

CSO: 3521/98

## GREEK SOCIETY SEEN SHAKEN BY DEEP CHANGES

Athens ENA in Greek 13 Mar 86 p 13

/From the "Against the Current" column: "Forward or Backward"/

/Text/ Some very deep changes have been taking place in Greek society over the past few years. Changes for the better but also changes for the worse. Changes that are usually occurring at such a rapid rate that it is often difficult not only to assimilate them but simply to keep track of them.

The Greek countryside is changing. The rural population is today living altogether differently from that in the recent past. Incomes have risen impressively, consumerism has invaded every last town and economic relations have changed. Anyone who travels through Greek provinces today will see things that are different from what he knew and will also meet different people.

Urban centers are changing. Here, contrary to the rural areas, incomes are decreasing. The people here are inactive and follow developments like unparticipating spectators. There are no new political or cultural currents and everywhere, on all levels, a general depression is observed. Everybody seems to be waiting for something to happen but it does not happen. No one becomes mobilized over anything or anyone.

The state is changing its relationships with the citizen. The patron-client system on which the Greek state operated since its inception is being fragmented, leaving a big void since a new connection that would replace it has yet to be found.

Bureaucracy is changing. The inaccessible civil servant of the past, always well-dressed and always expressing the national ideals, is gradually giving way to the slovenly and often bearded representative of the state who speaks a completely different kind of language than his predecessors.

Thus, we now have to do with a new society. It is no longer the society that took to the mountains during the occupation. It is no longer the society that waged the great battles for the democratization of this country. It is no longer the society that took to the streets in 1965 to defend what it believed in. It is no longer the society that refused to come to terms with the dictatorship. Nor is it the society that fought until 1981 for what has been called "Change."

It is a new society. It is a society that now does not react to anything that is happening. It is a society that no longer produces either politically, economically or culturally. It is a society that constitutes the passive receiver of anything that is sent from various directions. It is a society that consumes products and byproducts offered it without any reaction. It is a society that becomes pregnant without, however, being able to give birth.

All of the above facts are not unusual. They stem from the fact that tremendous social changes are occurring at this time. With the vehemence that distinguishes every newly-arrived event, the petty bourgeois classes themselves are now rising to put their stamp on the form of the social whole. Other social strata that traditionally constituted the ruling class are retreating or are attempting to change with the least cost to themselves. The changes that are in progress are major ones. And since they are moving along at a rapid rate the feeling is often created that the existing social web is breaking apart and that a big void is being formed. The old is departing while there is fear of the new or of its inability of filling the void left empty by the preexisting order of things.

Are all of the above for the good or bad? No one can make predictions because events are in the process of development and have not yet shaped their own definitive look. In the long run, only after the passage of some years will we learn what happened during these days that we are now going through. Only when the history of this era is written with some distance between the events that have evolved will we be able to appraise what we did or did not do. If we moved forward or backward.

5671

CSO: 3521/109

POLITICAL

GREECE

KYP REPORTEDLY SUFFERS DIFFICULTIES IN RECRUITING

Athens PONDIKI in Greek 14 Feb 86 p 17

[Excerpts] Great joy lately in KYP [Central Intelligence Service]: The old "mess-tins" are getting new "youngsters," the 110 employees engaged by the service. They are being recruited to fill the "empty organic positions" created by the pensioning of an approximately equal number of civil employees.

As concerns the hiring of the 110 employees, it became known that there was a problem since the candidates who applied were not satisfactory from the standpoint of qualifications. The lack of candidates with qualifications, particularly for analysts' positions, forced the service's heads to "open up" the procedures.

According to information, it was decided to invite and sound out candidates who had failed in the Ministry of Foreign Affairs' examinations for diplomatic employees!

PONDIKI's information reports that some 25 such candidates were invited and it was suggested that they submit supporting documents, but, despite all our efforts, we did not learn what happened.

In the meantime, the two existing associations in KYP are being organized.

1. The Association of Professional Personnel [SEP], composed of alumni of graduate schools, is looking for offices for housing. At the same time, it is preparing itself to be a factor for intervention in the affairs of the service, which is coiffed with military people and has no thought of being demilitarized, contrary to the wishes of even Papandreou himself. Until this happens, however, SEP is "dancing." How? It is giving a banquet at a taverna in Agia Paraskevi on Sunday, 16 February, without Alexakides and the others.

2. The second association of KYP employees is furiously trying to see Papandreou and present to him the problems they are having. This association had a general meeting day before yesterday, but unfortunately we did not learn what the members decided concerning the threats their administration has launched about a strike in KYP and other such things.

9247

CSO: 3521/92

## REDUCED PRESIDENTIAL POWERS SEEN MINIMIZING SOARES DANGER

Lisbon O DIABO in Portuguese 4 Feb 86 p 17

[Commentary by Fernando Braga de Matos]

[Text] In making my first appearance as a contributor to O DIABO, I decided to resist the temptation to analyze and give my opinion on the first round of the presidential elections or to engage in futurology as regards the second round. Others have launched into laborious studies on that topic and have surely exhausted it from all angles.

So I decided instead to reiterate an opinion that I have been expressing for a long time and which--inexplicably in my opinion--has aroused more reservations than support among my occasional listeners. Here goes:

I do not believe that these presidential elections will, in strategic terms, define the future of the nation. Although they are important, they will turn out to be merely a short step on a long road that we have yet to travel.

I had already minimized the importance of this election prior to the first round. But it is in thinking of 16 February that I do so now. It is not that I do not care whether Soares or Freitas wins--God help me! The fact is, however, that the limited powers given the president under the Constitution will block not only the drive toward progress but also the inevitable descent to hell.

So I never really understood the excessive distress expressed by the electorate on the Right, which first feared Pintasilgo, then Zenha, and now Soares. The Left is paranoid, no doubt, but that neither excuses nor diminishes the seriousness of the lack of serenity displayed by the Right.

The point is that the real power lies with the government. It is the fact that, in supporting private initiative, this sovereign body appears determined, effective, and backed by the majority that will constitute the strategic platform on the basis of which we will escape the institutional crisis in which we are immersed.

What I am saying is: the important thing is not so much that the right prime minister (like the one we have, for example) manages to function, for better or for worse, with whatever president is in office. What is essential is that, with or without him, we achieve--in elections necessarily held ahead of schedule--the PSD-CDS majority that constitutes the natural and indispensable alliance for progress.

Consequently, what comes out of this second round will be merely an inventory of advantages and disadvantages, definitely not a game of life and death on whose outcome the country absolutely depends.

And a good thing too, because it would be absurd for us to tumble from a summit without ever catching a glimpse, from out of the mediocrity of everyday politics, of the tragic dimension of the national destiny.

Freitas, of course. But let's be calm about it!

12830/9312  
CSO: 3542/68

## ARTICLE ASSESSES IMPLICATIONS OF SOARES VICTORY

Lisbon O DIABO in Portuguese 18 Feb 86 p 2

[Article by Jose Miguel Judice]

[Text] 1. The victory achieved by Soares was above all one of fear created artificially through a campaign which was technically effective but ethically reprehensible. The campaign was intended to capture the entire Communist vote and that of the extreme Left and it was highly successful. The victory achieved by Freitas was not destined to signify what MASP had insinuated. The democratic Left is going to find the latter victory costly; but perhaps there was no other way.

2. Moreover, the Soares victory is a noteworthy personal achievement by a politician who is reappearing from ashes and defeats with an impressive capacity for recuperation. Not even his most loyal supporters believed that he would get a second chance and subsequently surpass Freitas do Amaral the second time around. Just to give an example (in addition to the tactful absence of Vitor Constancio), prior to the first round Jaime Gama held a press conference with DIARIO DE NOTICIAS which was a premature funeral oration. Mario Soares will surely not forget this.

3. The result obtained by Freitas do Amaral is spectacular, a great political success personally. And contrary to what yesterday's turncoats now want to insinuate, that result proves the correctness of the strategy involved--namely, that from May 1985 on he was the only candidate who had any real probability of winning without the support of the Left. This is the best result ever achieved by nonsocialist forces and would seem to indicate an overwhelming majority of mandates in legislative elections. It also indicates that within 1 or 2 years the Left will not be the majority party no matter what candidate represents it.

4. Freitas do Amaral could have won the election the first time if those who voted for Soares, those who abstained and the moderate voters who voted for Zenha and now Freitas had voted for Freitas immediately. In the country as a whole Freitas do Amaral picked up an average of 10 percent more votes since 26 January, obtaining 300,000 more votes. His electoral problem could be stated as follows: whereas in Lisbon and Setubal only he showed an increase of more than 3 percentage points (3.35 and 3.89 respectively), if he had



shown a similar increase throughout the country from the first to the second round, he would have won. But it was not the rain or storms which defeated him inasmuch as the voting phenomenon was consistent in the country as a whole.

5. Freitas do Amaral's campaign itself constitutes a political victory and exceptional planning for the future. Half of the Portuguese people (not including the emigrants) ended up with a strongly optimistic outlook toward the future--not one of revenge or trauma. Half of the Portuguese were defeated but were not discouraged: the ovation given to Freitas do Amaral after the defeat is homage to a promise. Proenca de Carvalho was a victor.

6. Despite Freitas do Amaral's defeat, Cavaco Silva ends up being greatly strengthened politically. This is partly because there were no defections in the PSD; only a few leaders withdrew to the sidelines and the next Congress will undoubtedly categorize them as "former" leaders. It is also because the dynamics of the support for Freitas do Amaral were concentrated particularly in the PSD: electorally the PSD now accounts for much more than the 30 percent it obtained on 6 October. From a strictly party viewpoint, Cavaco Silva did well to support Freitas do Amaral, for no other candidate would assure him such an increase.

7. Although Mario Soares' victory was achieved with a margin of only about 150,000 out of 6 million votes, this election is an indication of an important political change in Portugal. In fact, the results reveal that in 1986 the Left has only a slight majority, having for the second time elected the most "rightist" of its leaders: in all probability Freitas do Amaral would have defeated Salgado Silva at once, for in that case many of Soares' staunch supporters (beginning with his national chairman) would have supported Freitas do Amaral. In 1975 Soares was the leader of half of the country and, in addition, enjoyed the support of a bloc led by the Communists. In 1986 Mario Soares is the leader of the country's leftist half.

8. As shocking as it may seem to some voters, it is politically preferable for the future to lose with about 49 percent against Mario Soares than to win at the price of having elected a candidate backed by General Eanes and one to whom the PCP has remained neutral. On the one hand, this is because the defeated bloc is by far the country's strongest (despite being the victor, Soares musters only 30 percent of the vote on 17 February) and is in position to influence the future over the medium term. On the other hand, it is because it is better for Mario Soares to win as leader of the Left than for "Eanism" to have been perpetuated through the imposition of (another) military man. And it was particularly essential for the future of the Portuguese political-party system for Soares not to win with the votes of the PSD as he had dreamed of doing during the central bloc regime, for in that case the PCP would have had another candidate to lead the Left.

9. The PCP did not support Mario Soares gratuitously and it was known that it earnestly wanted Soares to win. It now began to back the "leftist majority" as Cunhal clearly stated on the eve of the election. But what the PCP is especially siding in with is the cessation of Cavaco Silva's reform

measures and in that respect it made an excellent investment. It stuck close to the winner and definitely contributed to his victory; and the Communist votes were necessary. But generally speaking, this election represents a total defeat for Cunhal and, if the democratic Left is intelligent, it can mean the beginning of the PCP's historic decline in Portugal.

10. Lastly, the passage of two candidates of the "constitutional arc" to the second time around and each with the definite support of one of the two major Portuguese parties creates excellent conditions for a qualitative step forward in Portugal's political development: between the bloc led by the PS and that led by the PSD it is possible to establish a consensus for the constitutional revision which would profit by beginning to be tranquilly prepared. And it is possible that political bipolarization would be established between two blocs led by democratic parties whereby political alternation could be achieved in Portugal.

I worked hard for Freitas do Amaral's victory. As PSD's district representative in Lisbon, I take comfort in being able to state that Lisbon performed its duty on both the first and second occasions. Regardless of the outcome, I cannot refrain from asserting that Soares' victory is not a catastrophe for the country. It is a procrastination and source of difficulty. But anything is still possible if the 49 percent of those defeated will unite in support of the government. That is my final vow. The vow of 17 February.

12929/8568

CSO: 3542/69

## ELECTORAL DISTRIBUTION OF PRESIDENTIAL ELECTIONS

Lisbon O JORNAL in Portuguese 21 Feb 86 p 26

[Text] According to the results of the survey made by Pluriteste, Mario Soares, the new president of the republic, was elected by a broad spectrum of citizens from all parties having parliamentary representation. The same cannot be said of Freitas do Amaral, the defeated candidate, who received no votes from the APU constituency.

In terms of party discipline, the survey shows that the voters who most closely adhered to the guidelines of the political organizations which they supported in the legislative election of 6 October were the Socialists: 95 percent of the voters in the PS supported Mario Soares. Then came the CDS (94 percent for Freitas), the APU and PRD (92 percent and 91 percent respectively, both for Soares) and, lastly, the PSD (only 88 percent respected the directive to vote for Freitas).

As for the largest number of "turncoats"--those who voted for the candidate opposed by their respective party--the figures, in decreasing order, were as follows: in the PSD (8 percent), the CDS (6 percent) and the PS (4 percent). In addition, according to the survey, the greatest number of voters who abstained were members of the APU (8 percent of the pro-Communist voters stayed home) and members of the PRD (4 percent). However, all Democratic-Christian voters showed up at the polls and only 1 percent of the Social Democrats failed to appear.

In terms of age groups, Mario Soares defeated his opponent in the group 25 to 44 years of age; meanwhile, the former Centrist leader met with more favorable response among the youth and elderly.

Mario Soares obtained more votes among the women, the reverse being true with respect to Freitas; however, Freitas received a few more votes from the male constituency.

Electoral Distribution of Presidential Election (2d Time)

(According to the vote of the legislative election of 6 October 1985)

(Figures Represent Percentages)

	<u>Total</u>	<u>APU</u>	<u>CDS</u>	<u>PRD</u>	<u>PS</u>	<u>PSD</u>	<u>Others</u>	<u>Refusals</u>	<u>Did Not Vote</u>
Freitas do Amaral	36	-	94	2	4	88	20	6	10
Mario Soares	51	92	6	91	95	8	40	37	19
Did not vote	7	8	-	4	1	1	20	51	-
No response	6	-	-	2	-	3	20	6	71
Total	100	100	100	100	100	100	100	100	100

Source: Pluriteste/0 JORNAL Survey, February 1986

Technical Note

This Pluriteste/0 JORNAL survey was made among the current population of Greater Lisbon. The sample is made up from 400 personal and direct interviews. The distribution by sex was the following: 55 percent women and 45 percent men. The age groups of the individuals contacted were: 24 percent between 18 and 24 years of age; 29 percent between 25 and 34; 21 percent between 35 and 44; and 26 percent more than 45 years of age. The distribution of those polled in accordance with the vote in the legislative election of 6 October 1985 was the following: PSD--29.5 percent; PS--22.8 percent; APU--12 percent; PRD--11.3 percent; and CDS--8 percent. With regard to the second round of the presidential election, the choice of those polled was the following: 36.3 percent for Freitas do Amaral and 51 percent for Mario Soares. The degree of confidence of the poll is 95 percent and the margin of error is 5 percent.

12929/8568

CS0: 3542/69

## OVERVIEW OF LOSERS, WINNERS IN PRESIDENTIAL ELECTIONS

Lisbon EXPRESSO in Portuguese 22 Feb 86 p 3

[Commentary by Jose Antonio Saraiva: "Politics Portuguese-Style"]

[Text] In analyzing the two-round presidential election, we can state that there were two big winners and three major losers. The winners were Mario Soares and Diogo Freitas do Amaral, the candidates who virtually divided the votes between them. The losers were Ramalho Eanes, the outgoing president of the Republic, Cavaco Silva, the acting prime minister, and the Portuguese Communist Party. It is important to talk about all of these during our final overview because in discussing them we are dealing with the most important events of the recent presidential elections.

#### The Winners

##### Mario Soares

Mario Soares is a victor today because he won. Starting out with an index of popularity (his own and that of his party) that was lower than ever, Soares had enough faith, energy, and fighting spirit to take votes by force until he exceeded the 50 percent needed for victory. Now this constitutes a remarkable personal success. One might even say that there is no other politician in Portugal capable of accomplishing a feat of this sort.

But it would be dangerous to exaggerate the importance of this victory. Because, to a certain extent, it was a victory for the negative. Many who voted for Mario Soares were only interested in defeating Freitas do Amaral. It is, therefore, misleading to say that the Left gathered around Soares--in fact, the Left united itself against Freitas do Amaral, which is a little different.

From that standpoint, the Socialist leader represented the highest common denominator against the candidate supported by the PSD and CDS. And if this is anything at all, it is not the sort of thing to arouse great enthusiasm, inasmuch as it is always easier to collect refusals than to garner expressions of support.

Furthermore, to achieve this objective--i.e., to unite the entire Left behind himself--the former PS secretary-general found himself forced to resurrect some outdated phrases and use all the commonplaces of antifascist rhetoric, haunting his adversary with ghosts from the past. But this sort of language, although it may have been useful to him lately, has been condemned by history.

The right has already perceived what is of essential importance in that regard and is trying hard to give speeches that radiate competence, pragmatism, and effectiveness. In resorting to arguments that are predominantly ideological in nature, Mario Soares conveyed the impression that the Left has aged somewhat and has difficulty facing specific problems in a concrete manner. For this reason too, Soares' victory, although brilliant, was only a semi-victory.

Freitas do Amaral

Freitas do Amaral can consider himself a winner today too, because he succeeded in making himself the principal point of reference of these elections.

Actually, not only can he claim those votes that he won, but he can also say that many of the votes his opponent won were votes against him. In this regard, it can be said that 70 or 75 percent of the voters took Freitas do Amaral as their point of reference--either positively or negatively.

Furthermore, Freitas was what could be called a "platform candidate". His candidacy was a political platform--in contrast with the candidacy of his opponent, who managed to gather together different or even antagonistic political factions. The former leader of the CDS knew how to give substance to that platform and how to surround himself with staff who mounted the best-structured electoral campaign ever conducted in Portugal.

Master of coherent speech and clear expression (although too professorial at times), Freitas do Amaral was able to rally almost 49 percent of the Portuguese to his side--which means that if his political proposals had been made during a legislative, rather than a presidential, election campaign he would now have a clear and commanding majority in Parliament.

Freitas replanted the seeds of the platform promoted by Francisco Sa Carneiro in 1979--and did so in no uncertain terms. That is why, even though he lost the election, he emerged as one of the great figures in Portuguese politics--surrounded with a personal prestige that means it is inevitable that we will be talking about him again in the not-too-distant future. Freitas do Amaral demonstrated that he is the one in the best position to bring about a union of the families on the Portuguese right.

The Losers

Ramalho Eanes

Having every reason to have left Belem by the front door, Ramalho Eanes ended up leaving--almost in shame--by the back door. In the final phase of his term of office he accumulated a lot of mistakes and chalked up only rebuffs. He let a party use his name when (as we found out) that party was not yet ready

to face the coming big political battles. Later he got involved in supporting a candidate who was in a poor position to win.

Finally, he saw himself succeeded as president by one who had become one of his chief adversaries and was the last man he would have wanted to see in Belem. The fact is that Soares' victory cannot be considered as anything but a defeat for Eanes. Now the future will reveal the general's ability to face adversity--he, who was especially accustomed to win and to work under favorable conditions.

For now, nothing is certain in the life of Ramalho Eanes. His political clout has been considerably reduced. The party he backed, which ought to have served as support for his political activity after leaving the presidency, has almost disappeared.

#### Cavaco Silva

Having gotten himself excessively involved in the Freitas do Amaral campaign--excessively even in the opinion of some of his supporters--Cavaco Silva appears to be one of the chief losers in this election. His defeat is even more significant because it is his first defeat after four consecutive victories.

Cavaco wanted to see Freitas do Amaral as president of the republic but couldn't pull it off. Now he is doomed to be prime minister under a president against whom he fought during the electoral campaign.

His disillusionment was obvious, moreover, during his televised statement Sunday night. It was the most disappointing of all his TV appearances. Cavaco Silva has experienced a defeat, and given his psychological makeup, that could seriously upset him.

The PSD leader had two possible strategies to choose from in this election: one, to scare his electorate concerning the possibility of a Soares victory; the other to assume the role of prime minister, discretely supporting Freitas do Amaral and leaving him the job of explaining to the nation the advantaged of electing a president dedicated sincerely to supporting the government.

If he were to choose the second option, Cavaco would be risking less--but would not be able to pick up all the laurels. In choosing the former, Cavaco would be risking more--but for that very reason, would have to assume a clearer responsibility for a defeat.

That is how it turned out. Cavaco Silva bet heavily and lost. The problem that the defeat is not his alone. Having stated during the campaign that the situation would be very serious for the government if Freitas do Amaral were not elected, the prime minister set up the conditions under which the Portuguese Right lives today--a state of great anxiety.

We ask ourselves if it wouldn't have been better for his own strategy if Cavaco Silva, although supporting Freitas, had told his voters that he could govern no matter which candidate was elected and that the changes he initiated would not be in danger whatever the results of the election.

The truth is that if he had taken that position, no one would have been in doubt as to Cavaco's preference for Freitas do Amaral--and it would not be a factor that would steal a lot of votes from his candidate. In compensation, the Right would be much calmer today than it is. And the government's position would be much stronger.

#### The Portuguese Communist Party

Although it did attend the victory celebration, the Portuguese Communist Party was the third big loser in the presidential election. First, because General Eanes was defeated--and the Communists had seen in Eanes a potential and important future ally.

Second, because the PRD came out of the process in bad shape and the PRD is the dreamed-of bridge between the PCP and the political system. Then, because Salgado Zenha--its candidate in the first round--didn't even make it to the second.

Lastly, because the party was placed in the extremely unfortunate position of having to choose between Mario Soares and Freitas do Amaral. The anguish of that choice, by the way, was very apparent on the faces of some of the militants interviewed on television during the campaign.

Faced with this dilemma, the Communist Party found itself constrained to urge that people vote for the man who has been its leading strategic enemy: Mario Soares.

Actually, before the electoral process got underway, a Soares victory was the last thing the PCP wanted to see happen. However, not only did the party see it happen, but it found itself forced to cooperate in that victory in order that it would not have to say the next morning that it had been responsible for the election of Freitas do Amaral.

But deep down, the Communists wanted Soares not to win. That is, they wanted Soares to lose without being able to even suggest that the PCP had contributed--by its abstention--to the victory of the candidate of the Right.

Since the Socialist leader had always refused to form a coalition government with the Communist Party, since he had led the fight for the revolution in 1975, his positions ought to have been exemplarily defeated in this election. But precisely the opposite happened.

Soares appeared to be the only figure on the Left who was capable of beating Freitas do Amaral. Now this represents a victory for Soares' ideas--and, conversely, a defeat for the theories that the PCP has been defending since 1974 in its repeated arguments that because of his strategy of forming alliances with the right, Mario Soares was inexorably doomed to failure.

12830/9312  
CS0: 3542/66



## LOOKING AHEAD TO PSD VICTORY IN 1991 PRESIDENTIAL ELECTION

Lisbon SEMANARIO in Portuguese 22 Feb 86 p 6

[Article by Marcelo Rebelo de Sousa]

[Text] I. The Political Initiative Will Be Ours

All it would have taken for Freitas do Amaral to be president was for 150,000 Portuguese to vote for him instead of for Mario Soares. That is even less than the number of voters who voted for the UDP in last October's elections.

This means that the void opened up by the Democratic Alliance in 1980 has widened and become deeper and that the challenge has been issued for 1991--the campaign has already begun.

Actually, this should surprise no one--much less Mario Soares, who in 1980 accelerated his march toward Belem. This time the initiative will be ours.

II. The 25 Percent President

Until then, the Portuguese will have a president who enjoys undeniable legal and constitutional legitimacy and, as such, a real political base made up of 25.5 percent of the voters. The remaining 26 percent (the overwhelming majority of which consists of the communist electorate) voted against Freitas do Amaral. It is a political base that is precarious, weak, and disturbingly fragile.

We recall that in 1980, right away in the first round, Gen Ramalho Eanes had a much more solid and visible real political base. Even so, he went through some difficult periods during his second term of office.

Mario Soares will not have an easy time of it. Out of every four Portuguese, only one wanted him as president, one tolerated him (sharply criticizing him for years without hesitation), and two rejected him.

### III. Alvaro Cunhal Won

When Mario Soares was elected president of Portugal (thereby realizing a dream that had obsessed him for the past 5 years), he owed the victory to one man--Alvaro Cunhal. With the same degree of calm and undisputed authority that he used in appealing for votes for Francisco Salgado Zenha, Cunhal urged voters to vote for Mario Soares.

The Communist electorate obeyed--solid, irresistible, supreme. A million voters did their duty. If only some of them had failed to show up, Soares might have been defeated. Once again Dr Cunhal, the victor, shows that even now, when he is past the age of 70, he is still a big man in Portuguese politics. A big man to whom Soares owes the long-awaited realization of his dream.

### IV. Three Blocs and the Democratic Left in the Minority

In other words, there are three political blocs in Portugal today. By far the largest (with almost 49 percent) was given substance during this election by Diogo Freitas do Amaral and Anibal Cavaco Silva.

The other two are the Communists (and their relatives), and what Soares nicknamed the "democratic Left". Now the latter only attained numerical supremacy by borrowing votes from the Communist bloc. So it is clearly a minority party in Portugal.

### V. The "Central Bloc" Maneuver

Besides, in terms of being able to govern, the democratic Left cannot or does not want to come to an understanding with the Communist bloc. Only the bloc holding the current 48.7 percent can govern Portugal as a majority.

What is the strategy of the so-called democratic Left? To divide the bloc that has majority potential, to drag it into the quagmire that is the concept of the "central bloc," and, especially, to lure away the PSD or part of it.

The real objective is to enable the PS to gain the governmental leadership which it would otherwise not obtain and to begin, right now, to work towards a second term in Belem for Mr Soares.

This "central bloc" tactic is clearly a smoke screen to win a leadership role for the PS that would otherwise be much more difficult to obtain. A genuine solution would involve a far-reaching reform of the Left so that the democratic Left, by itself and without using the PCP as a crutch, could ensure itself an opportunity to govern in rotation with the 48.7 percent bloc.

But that would take a lot of work. It would force the democratic Left to be leftist at times other than during election years when it is important to attract the PCP vote and not to be a constituency ensconced in the apparatus of the State. Unsure what to do, it has preferred the most comfortable option--the "central bloc"--to the seat of power.

## VI. Antifacist Rhetoric--The Last Time

During elections the democratic Left uses antifacist language as a basis for the appeal to the Communist electorate. This election was no exception; in fact, Soares went further than Gen Eanes went in 1908. However, this was the last time that this linguistic tool could be used to camouflage intrinsic weaknesses.

Five years from now, democracy will be 17 years old and Portugal will be at the end of the transition period as regards certain matters related to the treaty of accession to the EEC. To talk about fascism to a young person 23 or 24 years old would be to evoke a political vacuum. To do so with an 18-year-old voter would be to attempt the impossible. It would be just like waging an antifascist campaign in France or Italy in 1962--you would be laughed at.

## VII. 48.7 Percent Fascists and Their Sympathizers

Besides, even today an irrepressible smile forms when we hear Dr. Cunhal talk about victory against reaction and winning over the fascists and their sympathizers--which, as it happens, easily describes half of all Portuguese.

One of every two ordinary citizens is probably fascist, which shows that the political rhetoric has gotten old, has spent itself, is unsuited to reality. It has been useful thus far for lack of anything better; it would not have caught on in any institutionalized European democracy; and 5 years from now it will be as obsolete as the memory of the MFA as a constitutional reality is now.

## VIII. Youth--More Than A Fad

Five years will also enable us to expand toward change that was personified by the youth in this election campaign. It was more than the passing fashion that it was in 1980 (despite the fact that the politics that accompanied that trend in 1980--not having thought it a fad at the time--has now irrevocably chosen to position itself against it.)

The youth movement was a sign of fatigue, of protest, and of the hope of a turnaround after many years of degradation in the academic, professional, and social life of Portuguese youth and in their living conditions. What tells us that the movement will continue in the same direction? The answer is simple--the election of Mario Soares.

If the overall political direction and the response thereto changes substantially then, logically, the course and the content of the trend would change. But if the essential aspects of the symbolism and past practice are maintained (and Soares with his three governments is its best symbol) then the direction of the youth movement will not change.

As Mario Mesquita stated in his eloquent editorial on the presidential elections (and how many times have we disagreed with him?), there will not be enough "common people" to contain this youth movement if the victors of today continue to rack up mistakes and incidents of incompetence and inability.

## IX. 1991 Begins With Support for Cavaco Silva

1991 has already begun. And it began with the demand to close ranks around Cavaco Silva and his administration. The 48.7 percent obtained showed that the platform was the right one and the candidate--Diogo Freitas do Amaral-- excellent. Let's hope that it will be possible (and that he will permit us) to find him a position independent of political and economic contingencies, one that preserves his image and what he stands for as exemplary values during the dynamic phase that has now begun.

But the war is not over. The next battle is the battle for the government. There we see a man with whom we disagree even in strategic aspects, but whom nevertheless merits our support in the expected confrontations--Dr. Cavaco Silva.

He represents, in the coming months and years, the potential unity and leadership of the 48.7 percent. Against the chronic Mexicanism of the PS. Against the return to the quagmire that is the "Central Bloc." Against the delay or paralysis of a platform, a dynamic, and a line of reasoning that many will try to abolish.

## X. The Siren Song of Divisiveness

It won't be long before the temptresses of divisiveness take aim even at Cavaco Silva and his administration in order to provoke a crisis in the executive branch or in its basis of support.

They will do this to backstop the offensive that is to be launched in parliament by the PCP and then by the PS (barely feeling rejuvenated) and by the PRD itself (beset by pressures from both of them.)

Some in the PSD will try to debate the sex of the angels at the worst point in the enemy siege. It is easy, at the moment of defeat, to come and ask that the strategy be rethought. It is easy, and it can be opportunistic.

Dr. Cavaco Silva has made mistakes, and we have pointed them out here. But in these crucial times, to point them out in order to weaken his leadership is to serve the interests of his adversaries. To do so vaguely, hiding behind a disguise, is not to have the courage to deal directly with the response.

Anyone who thinks that Cavaco Silva is not fit to serve as leader of the PSD and prime minister of Portugal should say so and come up with an alternative. But certainly that alternative would not be Dr. Francisco Pinto Balsemao. We are talking about the future--not the past. We are looking for a sign of hope, not trying to heal wounded personal pride. And the errors of others do not justify sticking with one's own error. Besides, the siren song of division will also be heard in the CDS, and it will be interesting to see to what extent the tune harmonizes with that being sung in the PSD.

There will always be someone who will say that Dr. Cavaco Silva is the main enemy, that the CDS cannot grow unless it gets rid of him, that in order to get rid of him an all-out war should be waged in Parliament to drive him over to the PRD and accuse him of committing himself to Eanes' doctrine. From

behind the scenes, there would be the discreet parliamentary wink at the PS in the 1978 aggiornato style, with Belem in the middle. The only problem is that these tactics would divide the 48.7 percent gratuitously, without offering them anything in exchange.

That would be politics in the worst sense of the term, to try to destroy a leader whom one may like a lot, a little, or not at all but who deserves the support of those who can only benefit by his continuance in office and his actions.

If we want adversaries, we have enough of them in the opposition--this is readily apparent and surely will fit with the Christian Democratic concept of politics that Dr Adriano Moreira holds so dear.

#### Conclusion

1980 saw the awakening of the movement. 1986 was a time for hope. 1991 ought to give us reason for new hope. We have never been so close to victory.

This despite the antifascist rhetoric. Despite the all-out appeal of Dr Alvaro Cunhal. Despite some defections. Despite other support only perceived after the voting was over. Despite a candidate who saw the Right as democratic only when he was leading it himself.

In 1986 Mario Soares was elected president of Portugal. I respect the democrat, the European, the fighter, the stouthearted tough guy. I weep for the incompetent executive, the greedy hangers-on, the confrontational rhetoric, the arguments that so often spoiled even the slightest degree of fellowship among fellow countrymen.

We'll be right here in 1991.

To give an example that will really impress Dr Soares: one day Cunha Leal was complaining to Bernardino Machado about the latter's electoral defeat, and he suggested that Machado give up politics. With all of his 75 years, Dr Machado answered firmly: "What we have to do is get ready for the next contest." Three years later he was elected president of the republic.

We don't wish Mario Soares the same good fortune as that great cultured gentleman Teixeira Gomes. And 1991 will no longer be Bernardino Machado's era. But it will be time to win. Let's find out how to plan that victory, and it will not escape us.

12830/9312

CSO: 3542/68

## PSD NOW SEEN EMBODYING RIGHT IN NATIONAL POLITICS

Lisbon EXPRESSO in Portuguese 1 Mar 86 p 19-R

[Editorial by Eduardo Prado Coelho: "The Renewal of the Democratic Right?"]

[Text] 1. I do not know whether this might be considered an impertinent question, but I think is exactly the right time to ask: did Cavaco Silva back the best candidate for the Presidency of Portugal?

For some months I maintained that, in the context of the line of reasoning that has been a feature of his entire performance, Cavaco Silva should find his own candidate and not back the candidacy of Freitas do Amaral. It is true that as usually put, the question concerned only the problem of whether the PSD was or was not capable of accepting a candidate who looked in some ways as though he came from, a competing party camp. But that was the lesser question. All that would have to happen--and it did happen--was for Cavaco Silva to rally nearly the entire PSD around him and reduce the CDS to an insignificant electoral role and such difficulty would cease to exist. The real problem was something else; that of Cavaco Silva's being capable of being radical in the direction of change, and radical to the point of rejecting a candidate that was ahead of him. Let us, however, be honest: it is one thing to say that Cavaco Silva ought to have done this or that, and quite another to judge the question of up to what point, in this complex web of dependencies of which power relationships are made, Cavaco Silva could have done this or that. And here we must recognize two things: there was no obvious personality available on the horizon and, under those circumstances, the risk of rejecting Freitas do Amaral was enormous.

2. What happened, after all?

The impartial SEMANARIO (which, in its latest issue, gave us a veritable manual of information and symptoms) explains a little of the evolution of events, as follows: "The victory (at Figueira da Foz) of the current leader of the PSD, a strong personality, would lead to an initial adjustment in the type of speech Freitas do Amaral had planned to make if, as it came to seem certain they would, Balsemao and Salgueiro won the social democratic leadership. In that eventuality, which would lead to a renegotiation and strengthening of the Central Bloc, Freitas do Amaral would take a harder line

in his speech and try to set up the conditions for annexing all the space on the Right which, under such a hypothesis, the PSD would leave unprotected."

Here is the heart of the issue: Freitas do Amaral changed his speech to adapt it to Cavaco's speech (hence the conversion of the Left/Right dichotomy into the dichotomy Cavaco had always proposed, that of conservatism/change) but Cavaco limited himself to boarding a bandwagon that was already underway (and which, obviously, was not his own).

The problem, in the first place, was a psychological problem. If Cavaco really planned to introduce a new style into Portuguese politics, then he needed someone who could, without blundering, attune himself to that style. The ideal, really--in Cavaco's reasoning--would be Ramalho Eanes (hence the public praise on 16 February). As it was impossible for Eanes to continue, it would be necessary to find "another Ramalho Eanes." The objections to Freitas do Amaral cropped up on two levels: in the first place, he was committed to the pre-25 April style (and this, although it did not make Freitas a fascist, was his Achilles heel). In the second place, he was committed to certain aspects of the worst style of the previous government from which Cavaco was trying to dissociate himself (partisan games, collapses of governments, hesitations at decisive moments, manifestations of intolerance--as in the case of the persecution of Maria de Lourdes Pintasilgo).

But the second problem was of a different nature: of an ideological order, to be precise. Cavaco Silva would need to find a candidacy that would, in a certain way, seek to give a new ideological physiognomy to the political practice that he wanted to carry out in the government. The best that Freitas do Amaral could do, with the aid of Proenca de Carvalho, was to give the Portuguese Right a freshly-washed and relaxed face, but the truth is that the ideological and cultural void around him was appalling. Those who, like Sousa Franco, might best have been able to contribute to a better-prepared speech limited themselves to a more generic, almost absentminded coverage of the operation in progress.

Once firmly installed at the helm of government, Cavaco had to make a clear and unequivocal choice: Either he assumed the role of a social democrat, and sought to be at the forefront of the renewal of the social democratic idea in Portugal (but such an undertaking seemed extremely precarious given the current nature and inertia of the Social Democratic Party) or he assumed responsibility as the modern Right, effective and pragmatic. This would involve, on the ideological plane, a cultural movement of renewal of the democratic Right. Cavaco Silva finally opted for an accommodating pragmatism with a more joyous version of the traditional Right. So we say that the only one who tried (admittedly with little success) to conduct a movement to renovate the democratic Right turned out to be Lucas Pires.

3. There is a question of names that urgently needs clarification. The data on the problem are simple: (a) social democracy is part of a tradition of the Left; (b) the Social Democratic party has been, and seems doomed forever to be, the great party of the Portuguese Right.

Hence the conclusion reached by Helen Roseta (who, by the way, was the target of some unbelievably vulgar and scurrilous attacks) is the only possible one:

all those who believe that social democracy is not a rightist political position should dissociate themselves from the PSD which, increasingly, is the entire Portuguese Right. Clearing up this ambiguity, even at the expense of old ties and strong emotional investments, is an indispensable condition for clarifying the terms of any ideological debate in Portugal.

4. The Portuguese Right, although somewhat taken aback by what has happened, has managed to involve itself--with impressive naivete--in two obsessions that are being repeated at every turn: almost half the Portuguese see themselves in Freitas do Amaral's platform and they are going to find out what happens when the young people of today, Freitists to the core, exchange their smocks and chalk for the vote and the ballot box.

Perhaps people forget that nothing repeats itself. That it is not enough for the Portuguese Right to sit in the shade of the 48 percent and watch them grow--if only because while some grow, others get older. That the Right cannot rest on its laurels if the Left is not in fact capable of renewing itself. Perhaps Cavaco Silva hasn't the time, the patience, the theoretical tools or sufficient room to maneuver, but the slogan appropriate for his ideal design of how government ought to be is: Let's renew the democratic Right!

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CSO: 3542/66



## NEW PROVISIONS IN INTERNAL SECURITY LAW

## Coordination, Cooperation Targets

Lisbon EXPRESSO in Portuguese 8 Feb 86 p 1

[Text] Eurico de Melo, Minister of Internal Administration, and Jose Manuel Durao Barroso, State Secretary for that area, have finished the final draft of the new Internal Security Law, to be discussed at a meeting of the Council of Ministers shortly after the presidential elections.

EXPRESSO has learned that the new law--which was drafted by a committee composed of Prof Barbosa de Melo, the auditor of the Ministry of Internal Administration, Gomes Dias, and Castro e Sousa, assistant director of the Lisbon law School--reduces the ideological and political content present in the previous law.

The new law, Ministry sources revealed, "seeks, essentially, to map out the structure of coordination and cooperation among the security forces."

This means that chapters referring to the civil protection of citizens and to restrictions on rights, liberties, and safeguards of the police have been deleted.

As regards this last point, Ministry sources stressed that "the question of the labor rights of the agents of authority as employees, which is exactly what this chapter dealt with, should not be part of a basic law dealing with security, but should be covered by the Police Statute."

Furthermore, the new law refers a series of issues to the current Code of Criminal Procedure, retaining, exceptionally, only certain measures of immediate police action. In addition, the eventual civil control of the Armed Forces, provided for in the earlier text, has now been abolished.

Eurico de Melo and Dural Barroso met last Wednesday with the parliamentary committee that handles local matters to outline the broad principles underlying the new Internal Security Law.

The previous administration had managed to get an internal security law passed by the Assembly of the Republic in the middle of the year. However, it was never approved in the special branch because of the rupture in the central bloc.

At that time, deputies from the PS and PSD did, however, succeed in reaching a consensus--subsequently set down in a written document--on the most controversial points of the bill. According to information obtained by this newspaper, that document served as the basis for the law that the present administration now plans to submit for consideration by Parliament.

#### Organizational Details

Lisbon SEMANARIO in Portuguese 22 Feb 86 p 64

[Text] Dr Ladeiro Monteiro, currently the director of the Foreigners' Service, has been named Director of the Security Information Service and will assume that post on Friday, 21 February. He is one of the few civilians that have wide experience and ability in information matters and is reputed to have good connections in military circles.

#### Military Officer is Secretary-General

The Cavaco Silva Administration has decided to make quite a formal ceremony out of the installation of the new director of the Information Service and to give the event plenty of publicity prior to naming the secretary-general of the Technical Commission, who, according to all indications, is likely to be a military man. The Technical Commission will serve as liaison between the military sector, the Strategy and Defense Information Service located in the Ministry of Defense, and the abovementioned Security Information Service, which is administratively subordinate to the Ministry of Internal Administration. The legal framework necessary for this appointment had already been approved by the Assembly of the Republic and by the previous government; however, the administration had been postponing the action.

#### Headquarters Already Chosen

The Security Information Service already has a building on Rua Alexandre Herculano and everything seems to be ready for the services to begin moving in. Specialists in information matters believe, however, that it will be 3 or 4 years before the agencies are fully operational.

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## COMBAT EFFECTIVENESS ENHANCEMENT PRIORITIES, GOALS OUTLINED

Bonn WEHRTECHNIK in German Mar 86 pp 49-53

[Article by Col Rolf Abresch: "Combat Effectiveness Enhancement in Ground Forces"]

[Text] The enhancement of the combat effectiveness of military equipment serves to improve or maintain the combat capability of the ground forces. The upgrading of combat effectiveness is part of a variety of ways to achieve this goal, such as the Technical Instructions on modifications or on new models of military equipment. They are indispensable in that they help adjust the ground forces--which constitute a living organism--to changing threats and technological developments. There is always a need for careful analysis to select the most cost-effective way of going about a particular project. The following article by Col Rolf Abresch, the division engineer of the 5th Armored Division, stationed in Diez/Lahn, contains some basic information on combat effectiveness enhancement in addition to citing a number of major examples of such enhancement.

As distinct from the technical instructions issued by the Ground Forces Material Command, which are numerous and serve the purpose of improving safety, repairability or other, lesser operational factors, combat effectiveness enhancement is synonymous with operational readiness-related modifications of military equipment. This is another way of saying that combat effectiveness procedures go through the same process as new developments of military equipment. This also means that the process is the responsibility of the civilian and military arms sector.

In the final analysis, the optimum configuration of military equipment produces optimum combat effectiveness and this, in turn, means that combat effectiveness upgrading which usually applies only to part of a system or a given piece of equipment will always have to take the optimal configuration into account. And that means that it must fit harmoniously into the original system or piece of equipment.

It therefore goes without saying that combat effectiveness upgrading cannot be undertaken at will, either in terms of extensiveness or frequency. Thus, a 57-mm cannon cannot easily be made a part of the "Marder" system, without the risk of reducing performance, e.g. with regard to strength of dismounted personnel or potential ammunition supply. A "Leopard 1" battle tank, in other words, cannot be supplied at will with extra armor without impairing its mobility or pre-stabilization.

By the same token, the Leopard 1's combat effectiveness cannot be upgraded time and again because this will not only impair the original harmonious concept and optimum configuration but will also reduce combat effectiveness enhancement itself. What this really means is that after the third or fourth combat effectiveness enhancement there will be no other recourse but to turn to a new item altogether.

Though often of limited value, combat effectiveness enhancement is a tried-and true method of increasing the service life of a given piece of military equipment, of saving cost (as against a new item) and enabling a partial generational change to take place.

But combat effectiveness upgrading must also be thought through thoroughly in terms of its impact on peripheral matters, e.g. materials, logistics, infrastructure, etc.; on operational principles and training.

Whenever international cooperation is involved, there is the additional need to institute configuration controls.

#### Yesterday's Combat Effectiveness Enhancement

A whole array of combat effectiveness enhancement measures which were due to a great extent to the ingenuity of industry, have made a contribution to greater combat effectiveness in our ground forces in the past.

#### Combat Units

The Leopard 1 A 1 was equipped with additional armor. The additional armor represents a successful instance of combat effectiveness enhancement which provides great effectiveness by simple means and at reasonable cost without excessively impairing the optimum configuration.

As a counterfoil to the Soviet APC equipped with antitank guided missiles and in order to improve its antitank capability, the "Marder" APC was equipped with MILAN antitank missiles. Although this is a rather effective improvement, there are problems due to overloading. There are plans to uncouple the two in the nineties.

Equipping the "Jaguar 2" with TOW antitank missiles represents an especially noteworthy instance of combat effectiveness enhancement because we were able with little work and at low cost turn an obsolete weapons system, a 90-mm gun equipped tank destroyer, into a highly efficient modern weapons system.

## Combat Support Units

Combat effectiveness upgrading measures in the combat support sector included outfitting the SF M-110 203-mm howitzer with a new barrel which increases the howitzer's range and which will continue to be in service for some time to come.

The 110-mm LARS artillery rocket launcher has been equipped with the FERA fire control trajectory measurement device. This represents a very clever method of upgrading combat effectiveness which reduces lead time up to the opening of fire and enhances target accuracy.

## Today's Combat Effectiveness Enhancement

At this time, the ground forces are experiencing a whole series of combat effectiveness upgrading procedures--particularly with reference to improving command capability (by means of the third generation of radio equipment) and improving night combat capability (by means of thermal imagers).

Here are some examples: by equipping the fairly old Leopard 1 battle tank with a thermal imager and a fire control device, it is enhanced to become the Leopard 1 A5. As such, it is at least equal to the Leopard 1 A4 and even begins to approach the Leopard 2. It will be interesting to see how it does in the next Canadian Army Trophy competition.

Equipping the "Marder" with a thermal imager (which is the same one to be used on the Leopard 2, the "Luchs" reconnaissance tank and the Leopard 1) will enable that APC to engage in combined arms combat at night and in poor visibility as well as during bright daylight.

Armored reconnaissance units and weapons systems like "Luchs" are supposed to be able to operate at all times of the day and under all weather conditions. The new thermal imager will enable the "Luchs" to do just that.

## Combat Support Units

By increasing its range and making it compatible to the U.S. M-109 A3G, the M-109G self-propelled howitzer's combat effectiveness will be upgraded.

The "Gepard" antiaircraft tank will be able to perform even more effectively with the help of a new fire control computer, new ammunition and new radio equipment.

## Combat Effectiveness Enhancement Tomorrow

More than ever before, combat effectiveness upgrading in years to come must, as it were, be built into any new system or piece of equipment.

That calls for overdimensioning components (in terms of capacity); modular design of military equipment and interface friendliness to the peripheral sector.

In short, possible threat and technology developments must be anticipated and potential technological responses must already be built into the new weapons system. In other words, self-contained equipment is to be avoided.

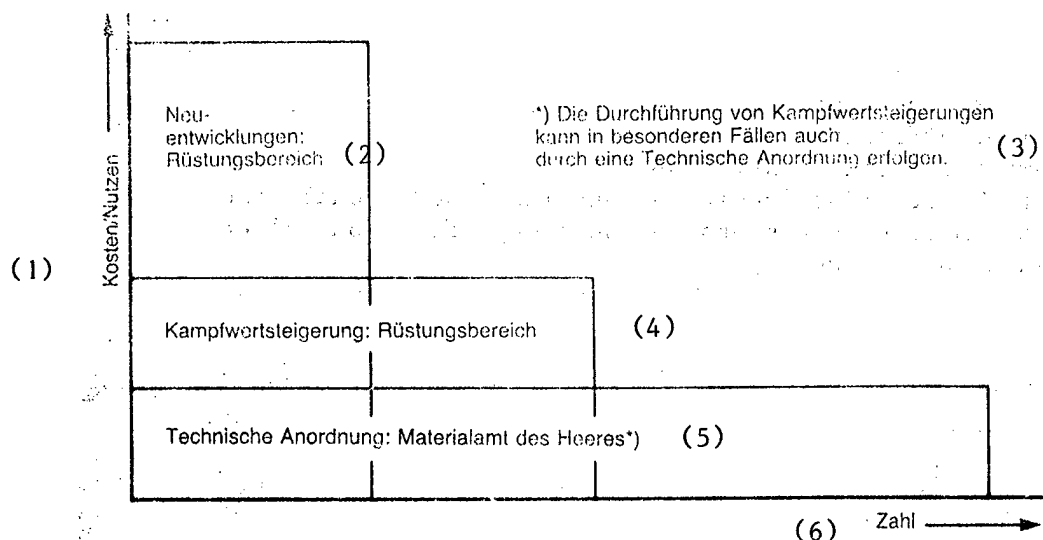
Let me cite a few examples: energy supply must not underdimensioned; future load increases must always be calculated into the design of the suspension and soundproofing of running gear; calib s must be generously dimensioned; engine performance must not be calculated on a "just to get by" basis; the storage capability of computers should be more than merely adequate.

### Summary

Combat effectiveness enhancement is indispensable for adapting the ground forces to the threat and the state of technology. It must be performed in a measured, efficient and economical way without impairing the harmony of the configuration. Upgrading should be built into newly developed military equipment. Combat effectiveness enhancement measures are service life costs and, if at all possible, should be applied to the equipment's service life.

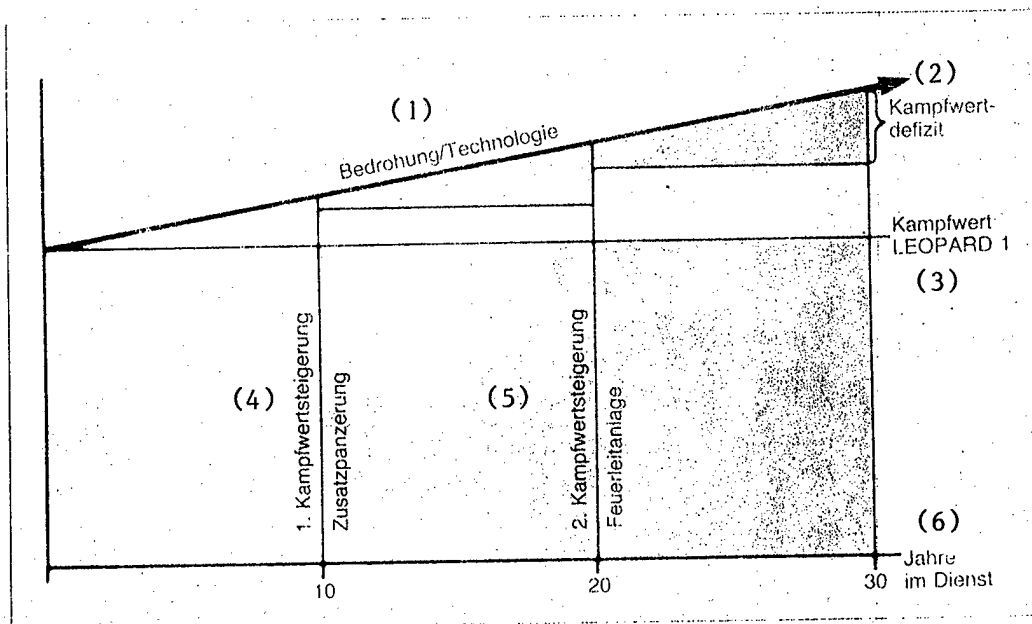
For cost reasons, it should always be determined whether combat effectiveness enhancement can take the place of a new piece of equipment. This applies above all to those instances where a system or piece of equipment has reached the end of its (potential) development. The Leopard 2, for example, is the ultimate turret tank which could at best be improved upon gradually. In this instance then it probably makes more sense to look for ways to upgrade its combat effectiveness rather than to pursue all sorts of revolutionary or utopian schemes.

In the past and in the present, the armament sector, industry and the end users in the ground forces have almost always come up with successful solutions. It is certain that this will also be the case in the future.



Key:

1. Cost effectiveness
2. New developments: armament industry
3. In special cases, a Technical Instruction may be issued calling for the implementation of combat effectiveness enhancement measures.
4. Combat effectiveness enhancement: armament sector
5. Technical Instruction: Ground Forces Material Command
6. Number



Key:

1. Threat/technology
2. Combat effectiveness deficit
3. Combat effectiveness: Leopard 1
4. 1st combat effectiveness enhancement: additional armor
5. 2nd combat effectiveness enhancement: fire control equipment
6. Years in service

	(1)	(2)	(3)
	System/Gerät	Kampfwertsteigerung	Bemerkungen
(4)	Kampfpanzer LEOPARD 1	Wärmebildgerät und Feuerleitanlage	(5) Wird Modell A5 (6)
(7)	Schützenpanzer MARDER	Wärmebildgerät	(8) Wird Modell A2 (9)
(10)	Spähpanzer LUCHS (11)	Wärmebildgerät	
(12)	Flakpanzer GEPARD	Neuer Feuerleit-rechner, neue Munition	(13)
(14)	Panzerhaubitze M-109 G	Reichweitensteigerung, Angleichung an US-Modell	(15) Wird Modell A 3 G (16)
(17)	MTW M-557	Gefechtsstandführungs-mittel wie z. B. Feldbild-schreiber	(18)

Key:

1. System/equipment
2. Combat effectiveness enhancement
3. Remarks
4. Leopard 1 battle tank
5. Thermal imager and fire control equipment
6. Becomes model A5
7. Marder APC
8. Thermal imager
9. Becomes model A2
10. Luchs reconnaissance tank
11. Thermal imager
12. Gepard antiaircraft tank
13. New fire control computer, new ammunition
14. M-109 G self-propelled howitzer
15. Increased range; compatibility with U.S. model
16. Becomes model A 3 G
17. M-557 APC
18. Field headquarters command resources, e.g. field facsimile

9478

CSO: 3620/617



## PURCHASED AIRCRAFT ALLEGEDLY LACK SPECIAL EQUIPMENT

Athens PONDIKI in Greek 21 Feb 86 p 3

[Text] From an electronic and technological "point" we do not have much, but if the story is true, we are facing a bloodcurdling problem.

1. Every modern fighter aircraft (such as the "F-16" and "Mirage 2000") is meaningless if it does not carry a built-in "Electronic Counter Measures" (ECM) system, a system to electronically neutralize the enemy's electronic devices (radar, etc.) for a short but critical space of the flight at the hour of operation.

2. The ECM is so indispensable that in every air force it is considered better for one to have an older type aircraft which has ECM than an ultramodern aircraft which does not have this system.

Well, in our own atrocious orders the ECM system has not yet been provided for the F-16's and Mirage 2000's! The aircraft will be delivered without the system, which the air force's technical research center, KETA [Air Force Research and Technology Center], will try to construct here!

And we ask, like the naive: How can something like this be constructed in our country?

(The Task Force which has been created in YETHA [Ministry of National Defense] to compose an "expediency study" on the possibilities and requirements for the construction is trying to find out the same thing. This group is composed of technicians from the three research centers of the army, air force and navy. Participation of the EAV [Greek Aircraft Industry] in this group is being discussed.....)

How is it possible for us to "dally" with such issues when we have saved for two generations to pay for the "deal of the century"?

And we are talking about a new, big wad, around 400 million dollars according to the first estimations!

Can you imagine the F-16's or Mirage 2000's with...problems in operational activity?

Who will solve these horrible perplexities for us?

## LARGE-SCALE ARMS, EQUIPMENT THEFTS INVESTIGATED

Athens ELEVTHEROTIPIA in Greek 27 Feb 86 p 7

[Excerpt] Salonica, 27 February--A 27-year-old electronics technician, Kon. Doun-gos, who was arrested at his workshop at 7 Arkhimidous Street in Salonica, is ac-cused of stealing everything from radars and transmitters to weapons and genera-tors.

The stolen goods were transported by four half-ton trucks to a warehouse at the Port Authority, though it was not possible to estimate the value of all the ob-jects.

From the data collected up to now, Doungos' brother, Stavros, who is serving his military service at a unit in Salonica, is reportedly an accomplice.

According to information, more than 50 soldiers in this unit had already been in-terrogated by yesterday as to any involvement in thefts and whether the many mili-tary items found at Doungos' workshop (up to tank headlights) were stolen from this unit.

It was made known by the Ministry of Defense that Stavros Doungos formerly served in the 638 Engineer Battalion in Langadas and that materiel may have been stolen from there.

Also, the Salonica Port Authority, which began the investigation on the case after there were charges that unknown people were stealing telecommunications equipment from boats, is making inquiries about any possible collaborators of the 27-year-old electronics technician. By yesterday afternoon, more than 10 suspects had been examined.

According to an announcement by the Port Authority, the objects stolen from the ships and the army are the following:

Thirty-two "OVHF" "CB" devices, 2 radar devices, 7 televisions, 1 radio station (transmitter), 1 computer terminal, 19 telephone sets, 3 compasses, 3 electric generators, 13 car cassette recorders, 1 M-1 type firearm with 70 bullets, 1 air-gun, 1 flare pistol, 2 tank headlights, 3 army radios, 2 army field telephones, 1 episcope, 1 telescope, 2 sirens, 1 vacuum cleaner, military apparel.

Also found and confiscated was a large number of amplifiers, various types of calculating machines, feed-systems, high frequency generators, depth-gauges,

barometers, multimeters, lenses, fans, sail-yards, chargers, batteries, electric tools, photocopying machines, stamps, fire extinguishers, car headlights, car license plates, and a large quantity of electronic and electrological material.

9247

CSO: 3521/92

## BRIEFS

AIRCRAFT INDUSTRY IN TROUBLE--Representatives of the union of the 3,500 workers at the EAV [Greek Aircraft Industry] gave a press conference yesterday, during which they noted the antilabor and anti-trade union consequences of the drafting imposed on them. More specifically, it was mentioned that personnel have been arbitrarily moved from section to section, an 11-hour schedule has been imposed and promotions and salary payments have been bogged down, thus depressing productivity and causing the exodus of needed cadres, especially in the electronic field. The representatives of the trade union also noted that the EAV's great possibilities--excellent quality work, mechanical equipment, experienced personnel--are not being used to full advantage because of unsatisfactory management and poor planning. It was mentioned, moreover, that the possibilities of sales on the international market are not being fully exploited, especially in regard to the Middle East. [Excerpt] [Athens MESIMVRINI in Greek 13 Mar 86 p 21] /6091

CSO: 3521/116

## ARMED FORCES DISSATISFIED WITH BUDGET CUTS

Lisbon TAL & QUAL in Portuguese 21 Feb 86 p 4

[Article by Rocha Vieira: "Your Turn to Economize, Generals!"]

[Text] The military asked the government for 105 million contos for 1986. The executive branch gave them 95 million and advised them to be good managers and avoid waste.

The amount of discontent among military leaders as regards the 1986 budget can be appraised at 10 million contos. The requests from the Army, the Navy, and the Air Force totaled approximately 105 million contos, but the Cavaco Silva administration decided that the three branches of the service would have to be content with a slightly smaller pie--only 95 million.

As has already become the custom, there were bitter complaints in the offices and barracks from officers who dream of new airplanes, new ships, and new tanks. They say that military budgets are shrinking in real terms from year to year and are reaching "untenable levels"--but the military as a whole shrugs its shoulders. What really matters for most of them is their meal ticket, and the administration didn't affect their quality of life when it guaranteed them the same pay increase as public employees are getting (16.5 percent). In fact--and as usual--personnel expenses eat up the lion's share of the military budget. The Government has decided to increase the other expenses by only 3 percent, which makes any significant investment in facilities or equipment practically impossible.

Once the size of the pie was fixed at 95 million contos, and after a series of meetings between the administration and the military leaders--in which even the Minister of Finance participated--the executive branch left the task of dividing it up to the CEMGFA and the heads of the three branches. An easy process, because all they had to do was respect the traditional ratio of distribution (43.6 percent for the Army, and 28.2 percent each for the Air Force and the Navy). The Navy came out exceptionally well--it received an appropriation of 5 million contos for the planned purchase of new frigates from the Federal Republic of Germany.

In civilian circles it is felt that the Administration showed "great political courage" in not granting the monetary wishes of the military leaders in this year's budget. And, according to well-informed sources, the Ministry of Defense went so far as to ask the Army General Staff for an explanation in connection with a recent message to the Army units that subtly suggested that the budget cuts might result in lower-quality food in the mess hall.

"I don't know of such a note," Dr Figueiredo Lopes, minister of state for defense, told TAL & QUAL. "However," he added, "if the message was to cut waste, that's fine. But I don't believe that the commanders will sacrifice their troops' food--which is, after all, scientifically calculated in terms of protein, etc. I don't know of any failure to observe those quantities, nor do I believe this will happen. If necessary, the fillers will be reduced, but it would be unthinkable to let the boys go hungry..."

Figueiredo Lopes does not deny that budgetary austerity has become "a fact of life" in the Armed Forces lately, but does not seem very concerned about the possibility that patrols, flights, and maneuvers will be cut back even further: "The consequences will be more or less far-reaching, depending on the Armed Forces' own managerial ability. The big challenge is for the military to be good managers. They must choose between what should be given up and what should be kept. If I were a military leader, I would begin economizing as much as possible under current management--I would do what is called waste management. I can assure you that there is no department of the government where waste cannot be discovered and eliminated...and when it comes to the Armed Forces, the situation is no different."

The State Secretary of National Defense denied that there had been "table-thumping" during the discussion of the military budget. ("What? We are all capable of talking to each other...") and repeated that "everything went perfectly normally, along the same lines as in previous years." Even the allocation of an additional 5 million contos to the Navy for the frigates is said to have been well accepted by the heads of the Army and Air Force. "See here," said the secretary, "with the exception of the corvettes purchased in 1974, nothing has been bought and all the other equipment is reaching the critical point. If we do not go ahead with re-equipment, then by the 21st century we'll have plenty of sailors but we certainly won't have a Navy anymore..."

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## COUNTRY'S INDUSTRY LOSING INTERNATIONAL TRADE COMPETITIVENESS

Copenhagen BERLINGSKE TIDENDE in Danish 12 Mar 86 Sec III p 4

[Article by Hugo Garden: "Danish Industry Lagging Behind Competitors"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] "The pattern of Danish foreign trade more closely resembles that of an underdeveloped country than the one usually seen in a modern western industrialized nation," according to a provocative statement in a new report from the Copenhagen School of Economics and Business Administration on export problems. Exports contain an inadequate amount of advanced technology. Structural problems are standing in the way of needed growth.

A new report says that the Danish export sector has serious problems and that it will require substantial structural changes before exports can increase to the point where exports can make an important contribution with regard to solving our economic problems.

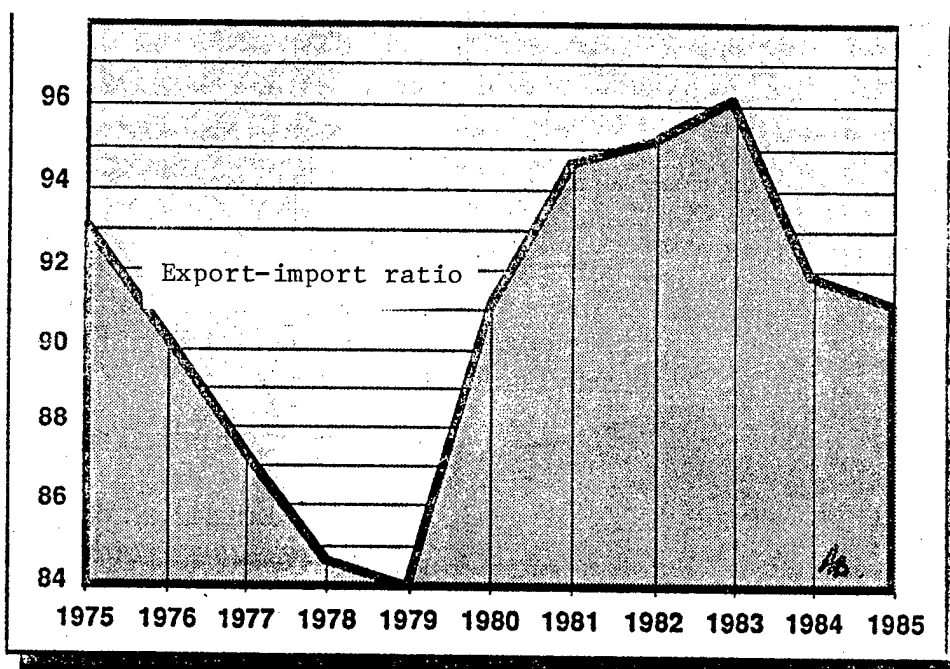
"There is nothing to indicate that Danish exports can live up to the expectations of rapid growth. For a long period of time, from 1961 to 1983, Danish exports have specialized in low-technology products," according to the report which was prepared for the Business Policy Forum and Management Press.

At the conference Finance Minister Palle Simonsen said that the government will soon issue a white paper on research and technology policy.

## Advisory Committee

The report is the first of four that are being written by staff members of a number of educational institutions. The first one was written by staff members of the Copenhagen School of Economics and Business Administration and the whole project is being carried out in cooperation with an advisory committee consisting of Professor Niels Thygesen of Copenhagen University, Professor Jorgen Gronnegard Christensen of Aarhus University, debate editor Knud Larsen of BERLINGSKE TIDENDE, director Morten Knudsen of the Technological Institute and two professors from the Harvard Business School, Bruce Scott and Michael Porter.

At the conference Morten Knudsen and several business leaders attacked the premise that Denmark has actually specialized in producing low-technology items, in other words products that have a low content of advanced technology. But there was fairly broad agreement that Denmark is quite far down on the list when it comes to the "advanced level" of industry, as two economists from the secretariat of the Economic Council, Jorgen Elmeskov and Torben Moger Pedersen, put it in a separate report.



#### Research Exports Compared to Research Imports

The graph shows the research content per export krone in relation to the research content of imports in terms of percentages.

The products that are exported are not as highly developed as those that are imported, according to this curve, which shows the so-called research component in exported items in relation to the research component in imported items. Although there was an improvement from 1979 to 1983 there has been a downward trend since then.



## Losing Ground

The two economists concluded that exports cannot keep up in old export markets such as West Germany, Great Britain, Sweden and Norway. In these very important markets export growth has been unable to keep up with market growth, in other words we have lost ground. A serious problem, the economists say, is that we have lost market shares in spite of an improvement in wage competitiveness in the period 1981-84.

Since 1980 productivity has developed at a slower rate than it has in other countries. The economists do not think cost developments can explain the poor showing of recent years with regard to competitiveness with foreign manufacturers.

Finally they say that industry is lagging behind in the technological area. Export products are not advanced enough. The research content of exported products is lower than it is in imported products. Thus there is a deficit in the research or technology balance.

## Low-Growth Trap

The economists disagree with the idea that the domestic market has swallowed up part of our exports in a manner of speaking. Danish manufacturers have had a smaller share of the domestic market since the end of 1983 and this indicates that Danish industry is having a hard time holding onto market shares both in this country and abroad, the economists say.

The big report, the first of four, says that the disappointing results for industrial exports in 1985 are not an isolated phenomenon but are symptomatic of a much more serious and deeprooted problem. Industrial exports appear to be caught in a "low-growth trap." This is the result of an inappropriate production and export structure that has been in effect for many years.

"The pattern of Danish foreign trade more closely resembles that of an underdeveloped country than the one usually seen in a modern western industrialized nation," the report says. Thus a changeover will take many years.

The goods-producing sector in Denmark--calculated as a percentage of the country's production--is one of the lowest among OECD countries. In addition Denmark has one of the biggest service sectors, with the public service sector making the largest contribution here.

The goods-producing sector has the same modest relative size as we find in India, Senegal and Venezuela. While West Germany, Japan and the United States specialize in high-tech and medium-tech products, Denmark specializes in low-tech products. This could lead to Denmark being exposed to increasing competition from underdeveloped countries that also produce low-tech goods.

## Development Capacity

The report calls for a broader definition of competitiveness than simply the ability to compete in terms of wages. It uses the expression "development capacity," a concept based partly on the capacity of firms to develop and partly on the capacity of the nation to create the conditions that make it possible for firms to develop to their maximum potential.

Thus development capacity cannot be viewed simply in relation to the private sector.

The report seems to confirm Industrial Affairs Minister Ib Stetter's recent remarks to the effect that income policy is becoming a soporific--that competitiveness is not just a question of company costs. There must be a forceful supplementary industrial policy, Ib Stetter said.

The report was compiled by Klaus Moller Hansen, Kim Moller, Frederik Pitzner-Jorgensen, Hans Korno Rasmussen and Henrik Schaumburg-Muller.

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CSO: 3613/88

## LIKELIHOOD OF AGREEMENT ON RAW MATERIALS RIGHTS SEEN

Stockholm NORDISK KONTAKT in Danish No 3, 1986 pp 30-31

[Article by Torben Lodberg]

[Text] The possibility of renegotiating the allocation of revenues from raw materials came up at the meeting of government leaders from Denmark, the Faeroe Islands and Greenland.

The Danish government now seems to have accepted a long-held desire of the Greenland home-rule government to renegotiate the allocation of revenues from raw materials activities in Greenland, an issue that was decided when the home-rule government took office.

Greenland government leader Jonathan Motzfeldt (Siumut Party) was given permission at the latest summit meeting to bring up the question of these negotiations between the governments of Denmark and Greenland and the Greenland government leader later said that Greenland has already raised the question of dividing the income from raw materials activities in a way that is fairer to Greenland.

"Our idea is that income from raw materials activities should be distributed from the start--as soon as the state starts receiving any money from them--according to a different allocation model that is more advantageous to Greenland than the one we have seen so far," Jonathan Motzfeldt said after the meeting of government leaders.

#### Not a Complete Trade-Off

Motzfeldt also stressed that Greenland has not presented an actual agenda for negotiations or made a firm decision concerning the formula for allocation. "This is an open question and one that we must discuss," the leader of the Greenland government added.

As things stand now, any profit from raw materials activities in Greenland will not be divided before Denmark's entire budget for Greenland has been paid for. This total budget is around 2 billion kroner at this time and in view of the current level of activities there is a risk that Greenland will receive no economic benefits at all from this source.

The Greenland government leader also said that in the context of debating the income allocation principle, people in Greenland have talked about the fact that some of the approximately 2 billion kroner actually winds up in Denmark itself.

"We have talked about this when we discussed housing construction in Greenland and other forms of export from Denmark to Greenland," the government leader added. "A lot of the money that is appropriated for Greenland goes back to the Danish mainland and to Danish firms. So from that point of view as well it would be appropriate to find a more just arrangement between Denmark and Greenland when it comes to dividing the income from raw materials activities."

#### Raw Materials Administration

Greenland has also expressed a desire to place the Raw Materials Administration under the direction of the home-rule government. When home rule was set up the Raw Materials Administration for Greenland, which is the central administrative link in the raw materials arrangement and functions as the raw materials secretariat for the Joint Danish-Greenlandic Council, was placed under the direction of the minister of Greenland affairs.

The home-rule government wants to renegotiate the placement of the Raw Materials Administration because it wants it located where the raw materials are found.

"The minister of Greenland affairs has said himself that the ministry will be abolished in 2 years," said Jonathan Motzfeldt. "And in any case we do not want the Raw Materials Administration, which is an extremely important element in the whole home-rule agreement, to become homeless 2 years from now. We need to get this cleared up so that the Raw Materials Administration does not end up under some other ministry when this happens," the local government leader said.

#### Lengthy Negotiations

Jonathan Motzfeldt said that the question of the location of the Raw Materials Administration does not concern its physical presence in Greenland or Denmark, as people have said.

"I don't think this is so important, the main thing is where the administration belongs from an administrative point of view," said Jonathan Motzfeldt. "It should come under the home-rule government because the raw materials are located in Greenland. And without destroying the balance between politicians in Denmark and Greenland I think the future of the administration should be decided on and that it should be assigned to the government of Greenland."

Negotiations between the governments of Denmark and Greenland concerning these changes were started when Greenland Affairs Minister Tom Hoyem (Center-Democrat) visited Nuuk/Godthab at the beginning of February, but it is too early to say how long they will take. When the talks have been completed

any new agreement would have to be approved by the Danish Folketing and the Greenland parliament and it is the hope of the head of the government that Danish representatives in both the government and in Folketing will understand the wishes of the Greenlanders and that they will help to make the raw materials arrangement more functional.

"We do not expect this to go quickly," said Jonathan Motzfeldt. "Bear in mind that this arrangement almost broke up the entire home-rule system and that it is still a very hot political issue. But after almost 7 years of home rule, during which we have lived with the raw materials arrangement, it is necessary that people on both sides of the Atlantic take a realistic look at the areas that need to be adjusted. Adjusted in such a way that the arrangement is fairer to Greenland."

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## BRIEFS

HOUSING RESPONSIBILITIES NEW CONCERN--Greenland is taking over responsibility for a growing number of areas that used to be the responsibility of Denmark. Housing is one of the areas still under Danish administration and it will be expensive for Greenland to take over this sector. New figures show that it will cost about 400 million Danish kroner a year up to the year 2000. The cabinet member in charge of social affairs and housing, Aqqaluk Lynge, is currently discussing conditions with Greenland Affairs Minister Tom Hoyem, but the two sides are a long way from reaching an agreement. The Danish state has refused to allocate more money for housing construction and housing maintenance in Greenland. At the same time Denmark will not allow Greenland to make state-guaranteed loans for this purpose, Aqqaluk Lynge said.

[Text] [Stockholm NORDISK KONTAKT in Danish No 3, 1986 p 31] 6578

CSO: 3613/88

## IN-HOUSE TECHNICAL TRAINING BECOMING UNIVERSITY ALTERNATIVE

Duesseldorf HANDELSBLATT in German 7-8 Mar 86 Sec B p 14

[Article by Rainer Nahrendorf: "Vocational Training Programs are 'Hit' With High School Graduates"]

[Text] More and more high school graduates are going in for professional training programs. According to a study conducted by University Information Systems Ltd. of Hanover, they not only view a technical apprenticeship program as a worthwhile addition to their formal education but even as an alternative to attendance at a university. Specially designed training programs for high school graduates are becoming particularly popular.

The German Economic Institute in Cologne estimates that some 8,000 high school graduates--or one-third more than in 1982--are presently enrolled in special training programs. Most of these are 3-year programs given by more than 1,000 large and medium-sized business firms. Those who attend are trained for positions as economic, commercial and mathematical-technical assistants as well as management specialists and engineers. An informative brochure, entitled "Business Training for High School Graduates," which deals with this hands-on alternative to university study was published in 1985 by the Institute's publishing house (Gustav-Heinemann-Ufer 84-88, 5000 Cologne). The pamphlet lists the firms which offer such training programs and contains additional information regarding the programs themselves, the selection criteria as well as in-training allowances and starting salaries.

BASF AG of Ludwigshafen was one of the pioneers in this type of training program for "high school graduate occupations." Since 1959, the firm has been training high school graduates for positions as mathematical-technical assistants. In 1973, programs for economic assistants were added and in 1974, in conjunction with the Occupational Academy, programs for diploma engineers in electrical and mechanical engineering. Since 1981, there have been programs to train foreign language secretaries and since 1986, programs for diploma engineers in computer science.

The requirement for admission to these "graduate occupations" is a high school diploma and, for those entering the technical assistant program, also a technical high school certificate. Each year, there are 50 spots available for economic assistants; 35 for mathematical-technical assistants; 18 for foreign language secretaries and 20 for diploma engineers, including eight in process engineering and 12 in computer science.

Heinrich Rottmueller, BASF's director of business training, has this to say regarding the basic guidelines for these student training programs:

- close interrelationship between theory and practice;
- intensive, planned and target-oriented training results in adequate hands-on experience;
- theoretic instruction in collaboration with outside institutions;
- other firms have an equal opportunity to take part in this type of high school graduate training program.

In view of the fact that 2,800 graduates are competing for just 123 spots (at least that was the limit until recently) the selection process is tough. In fact, the applicants are screened three times. Initial selection takes scholastic achievements in areas relevant to the training program into account. This is followed by an IQ test and a subsequent personal interview.

BASF economic assistants work as marketing or regional representatives in the sales department; as technical buyers, personnel assistants or as salesmen either in Germany or in company outlets abroad or in BASF member firms; as assistants in the accounting department, in public relations, in the auditing department or in government relations.

Foreign language secretaries work in the head offices and the front offices of the business end of the firm. Mathematical-technical assistants deal with problem analysis and independent programming in research and technology, in business information, operations research and systems programming. The diploma engineers are assigned as engineers in the firm's production plants.

At this time, there are almost 400 high school graduates in training at BASF; 259 of them are taking part in the special graduate occupational program. Women make up a little over 50 percent of the trainees. The total number of apprentices to be admitted to BASF in 1986 will be the same as last year; but in the graduate occupation programs some 25 percent more applicants will be admitted than last year.



Though there was some scepticism at first, the diploma engineers have made their mark in the firm and are now fully accepted as equals. As compared to technical school graduates of equal age, the BASF diploma engineers enjoy an advantage both in terms of career opportunities and earnings. They are also sought after in the general market. BASF has already a number of these young engineers to the competition.

As of 1986, BASF, in conjunction with the technical faculty of the Mannheim Occupational Academy, has started training diploma engineers in mechanical and process engineering. The training positions in these two disciplines were increased to nine and 12 additional positions for training in computer science were created for the first time.

Daimler-Benz AG has also had a lot of experience with this type of training program for high school graduates. In 1972, Daimler-Benz, SEL and Bosch jointly created the so-called "Stuttgart model" which resulted in the establishment of the Occupational Academy which links instruction in scientific theory and hands-on training. Daimler-Benz believes that the strong interest in this type of program on the part of high school graduates (even outside Baden-Württemberg) is a good indication of the fact that the occupational academy--11 years after its inception and 3 years after it became an official part of the Württemberg-Baden educational system--has proved itself as a viable alternative to university studies. In late 1985, 180 students at the Daimler-Benz occupational academy were working for diplomas in business management and engineering. Since the inception of the Stuttgart model, Daimler-Benz has conferred diplomas on 280 business managers and 104 engineers.

A brochure published by Daimler-Benz' central training and in-house information department lists the following requirements for applicants to the occupational academy:

- The requirement for admission to training at the occupational academy is a diploma from a general, technical or business school. An advanced professional school diploma does not entitle an applicant to admission to an occupational academy.
- Applicants must also possess a training contract issued by a participating training institution, e.g. Daimler-Benz. A satisfactory high school diploma indicating a solid and promising background in the subjects relevant to the training program will enhance the applicant's chances for admission.

- The firm itself expects the applicant to show a willingness to work hard; to be mobile in terms of travel; to display professional flexibility and practical skills and the ability and readiness to work well with others.

In principle, graduates of the occupational academy enjoy exactly the same opportunities for advancement at Daimler-Benz as graduates of universities and advanced professional schools. Available jobs as well as interesting development and management positions are filled by personnel already on board in the first instance, i.e. by those who have proven their worth in the past. The firm is currently working out plans to create a high school graduates training program in the production sector as well.

At Daimler-Benz, there are currently more than 9,100 young people (about 6 percent of the total work force) engaged in training and apprenticeship programs which will qualify them for professional positions at a later date. In the fall of 1985, the firm admitted 2,872 young people (or 1.3 percent more than in the preceding year) to multi-year job training programs, thereby doing its part to meet the great demand for training positions. Since 1975, the firm has raised the number of those admitted to these programs by some 80 percent.

In order to meet the needs of the growing number of trainees, the company has spent some DM 110 million in its factories, outlets and training centers on new construction, expansion and technical modernization of equipment.

Daimler-Benz is a sought after training institution. On the commercial side, there are 24 applications for every training position. On the industrial-technical side, there are six applicants competing for each spot. On the other hand, the company is not making a secret of the fact that it has had trouble recruiting enough applicants for industrial-technical positions in some parts of Germany.

Daimler Benz believes there is a trend toward qualifying for different and better jobs. The company is fighting against the disqualification of interrelated jobs which make up for only 13 percent of the total work force. There also is a growing trend toward assigning qualified skilled workers to production jobs, company officials say.

In 1985, Daimler-Benz spent some DM 300 million on its training programs as a whole.

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## CONTINUED OIL PRICE DROP LEADS TO NEW TRADE TALKS WITH USSR

## Trade Gap Estimate Widens

Helsinki HELSINGIN SANOMAT in Finnish 12 Mar 86 p 33

[Article: "Kaarlehto Discusses Trade Shortfall With Soviets; Shortage May Rise to Four Billion"]

[Text] Representatives of Finland's Trade Policy Board were in Moscow on Wednesday to discuss possible ways of making up for the shortage of imports from the Soviet Union to Finland. The shortage stems from the drop in the price of oil and runs in the billions of Finnish marks.

At this stage of the official talks, however, no definitive solution will be found to the ever-worsening problem, which substantially reduces Finland's opportunities to export. Efforts are mostly being made at this stage to map out various alternative solutions.

The government group led by Undersecretary of State for Trade Paavo Kaarlehto has engaged in talks with Soviet officials led by Deputy Foreign Trade Minister A.N. Manzhulo. The Finns return home on Thursday.

Problems concerning trade with the Soviet Union may also be discussed at the foreign trade minister level, because Minister Jermu Laine (Social Democratic Party) is supposed to travel to Moscow next week for a one-day visit and attend a seminar arranged by the Foreign Trade Alliance. At this moment, however, the trip is still up in the air due to the strike situation at home.

## Shortage May Increase to Four Billion

The drop in the price of oil and the decline in the exchange rate of the dollar have given rise this year to a shortage of imports from the Soviet Union estimated at more than 3 billion marks. Depending on future developments, the shortage could rise to as much as 4 billion.

In practice, there are only two ways to safeguard Finnish exports: increase imports from the Soviet Union or make various types of arrangements for payments. Special interest-bearing accounts or payment-schedule modifications, among other things, have previously been used in similar situations to secure a balance.

The interest-free credit limit of the clearing account between Finland and the Soviet Union is 300 million rubles or a good 2.1 billion marks. The need for additional imports worth a couple billion marks to maintain the trade balance should thus be kept by various means within the credit-limit framework at the end of the year. The simplest solution--but the most troublesome one from the standpoint of the trade agreement and Finnish employment--would be a cutback in exports.

We are now in the first year of a basic 5-year agreement which covers the years 1986-1990. The change in price relations is thus jeopardizing the achievement of goals set for the entire 5-year period. In this sense, all additional and particularly long-term imports would help to maintain the high balance of trade agreed upon.

#### Elusive Goal

According to customs statistics, last year's exchange of commodities between Finland and the Soviet Union was a solid 35 billion marks: it pretty much reached the level of 5 billion rubles set as the goal.

Due to the change in price relations, however, this year's goal seems to be elusive. When the basic agreement was signed, the exchange of commodities for the entire 5-year period was optimistically estimated at 28 billion rubles or over 200 billion marks. At today's prices, it would take an average annual exchange of commodities of more than 5.3 billion rubles or 40 billion marks to preserve this amount of trade.

The ever-worsening balance of trade has already been reflected in Finland's construction exports to the Soviet Union: there has been a dropoff in export projects as well as traditional construction. The situation is most serious, however, at the shipyards, where jobs will clearly be threatened within a year.

Even though there are still ships left to build, more and more emphasis is placed on the delivery of special and expensive vessels which involve less raw labor. Eagerly awaited at the shipyards, contracts for the final batch of ships will protect jobs but at the same time increase the shortfall of imports, as will every new megaproject agreed upon.

#### Effort to Maintain Balance

Helsinki HELSINGIN SANOMAT in Finnish 13 Mar 86 p 19

[Article: "Undersecretary of State Paavo Kaarlehto: Trade Between Finland and USSR Will Be Kept at High Level"]

[Text] Moscow (Finnish News Bureau)--On Wednesday, Undersecretary of State Paavo Kaarlehto concluded 3 days of talks on trade problems between Finland and the Soviet Union. The Soviet side was represented at the negotiations by Deputy Foreign Trade Minister Aleksei Manzhulo.

According to Kaarlehto, the negotiations can be described as "minitalks" during which the trade protocol for the current year was closely examined. The real talks will be held in early summer.

The undersecretary of state pointed out that the decision has been made in high-level political quarters to keep trade at as high a level as possible despite the fact that the price of energy--and especially oil--has fallen sharply in recent times. Kaarlehto believes an agreement can be reached to exceed the so-called clearing limit as early as this summer without additional Finnish imports from the Soviet Union.

On this occasion, the Finns presented a long list of additional import articles they would like, but the Soviets were not yet ready to satisfy those wishes, according to Kaarlehto.

The most sought-after items on the shopping list are the raw materials and products of the chemical and petrochemical industries, as well as coal.

The parties to the negotiations now being conducted at the official level will send reports to the political divisions of their foreign affairs ministries where the issue will be discussed further.

Kaarlehto returns to Finland on Wednesday evening.

#### Further Oil Price Decline

Helsinki HELSINGIN SANOMAT in Finnish 15 Mar 86 p 3

[Article: "Price of Imported Oil Drops Again; Price Minister Promises Entire Reduction to Consumers"]

[Text] The prices consumers pay for gasoline and other oil products will drop again next week. As a result of negotiations between Neste and the Soviets, the price of crude oil has been reduced by \$3-4 a barrel.

On Monday, Neste will present its estimate to the Central Office of Foodstuff and Price Control. Price Minister Jermu Laine said it is his view that the reduction in the price of crude oil will be transferred in its entirety to consumer prices. This means an average drop of 15-16 pennies per liter or per kilo in the price of oil products.

Laine believes that the new price cut will facilitate the ongoing negotiations on income policy.

The last time the price of crude oil imported to Finland dropped was about a month ago. The State did not then permit the entire reduction to affect consumer prices but instead "consumed" 170 million marks. The decline in consumer prices at that time was 15-17 pennies per liter or per kilo.

On Sunday, the Organization of Petroleum Exporting Countries (OPEC) opens its meeting in Geneva, where it will try to find ways to bolster the price of oil. The price of Persian Gulf oil has sunk to as little as \$12 a barrel.

POPULATION ESTIMATED FIVE MILLION IN 2020, FOUR MILLION IN 2050

#### Difficult Social Problems Anticipated

Helsinki HELSINGIN SANOMAT in Finnish 11 Mar 86 p 10

[Article: "Finland in Year 2010: Population Decreases, No Relinquishment of Living Standard"]

[Excerpts] At no point in the immediate future will people relinquish their belief in social progress, nor is any major modification of lifestyle to be expected under such circumstances. This is the way Paavo Seppanen, a professor at the University of Helsinki, evaluated the future when he spoke on Monday at the forum "Finland in the Year 2010."

Roughly 200 participants from various fields of public administration and economic life had gathered for this joint seminar by the Demographic League and the Commission for Industrial/Commercial Life. The theme of the seminar held in Helsinki was our country's demographic development and the challenges it presents to economic life and public services.

The drawbacks which accompany progress are still seen as superficial wounds, secondary in importance. It is believed that ongoing progress itself will discover the medication to heal these wounds, he continued. People are usually very slow to change their ideas and values, and he feels that at no time in the foreseeable future will they abandon their belief in progress. The drawbacks which arise are not generally interpreted as obstacles to advancement or as symptoms of social illness.

#### Society Becomes More Technological

Seppanen pointed out that notions of progress and advancement can also vary. There is not enough variation, however, for one to assume that the Western nations could voluntarily relinquish, for example, the standard of living they have attained. They will hardly surrender the other comforts of life unless they are forced to.

The society of 2010 will be more technological than the current one. In order to illustrate this development, Seppanen mentioned a U.S. forecast according to which the fields which will expand the most are information science, high

technology, electronics, health care, recreational services, as well as printing and publishing activity. There will be a reduction of workers in the textile, garment, foodstuff, and automotive industries, according to the forecast. The biggest cutback of all will be in typists.

#### Onrush of the Elderly

During his turn at the podium Kauko Sipponen, managing director of the Commission for Industrial/Commercial Life, expressed his concern over the development of Finland's population structure. At the same time, he criticized social policy for the fact that families with children have received inadequate support in our country. Social policy adjusts to--but does not shape--the future, he said.

According to a demographic forecast issued by the Social Insurance Institute several years back, Finland's population will grow until the year 1998. In other words, the number of persons who are born each year is greater than the number who die. A population of 5 million may be surpassed, but that figure will start to decrease in the year 2020 and will be slightly under 4 million in the year 2050.

Sipponen emphasized that as people retire on a pension, they forget about children. It is noticeable even now that the older age-classes have turned into a special interest group with a definite aim. The established pensioners' party and all the old parties have proclaimed themselves guardians of the affairs of elderly persons. This area is filled to overflowing, he indicated.

Yet it is extremely dangerous if society adopts a fundamentally negative attitude toward children, continued Sipponen. The major age-groups have already experienced that society does not concentrate its services on them. Families with children have become second-class citizens who have difficulties on the housing market and with childcare. We have been unable to improve housing production, for example; we are still back in the 1960s. The social housing policy has failed, according to Sipponen.

#### Newspaper on Demographic Forecasts

Helsinki HELSINGIN SANOMAT in Finnish 12 Mar 86 p 2

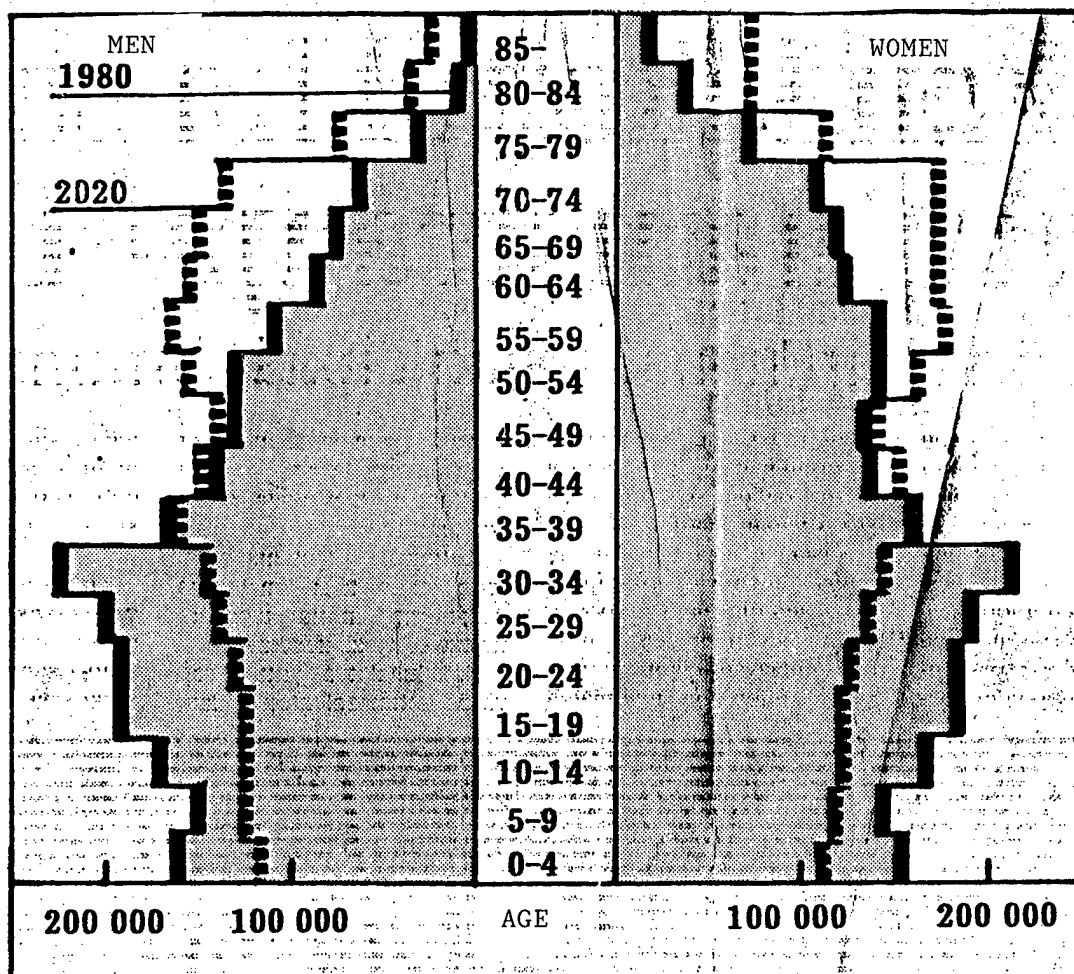
[Editorial: "Time to Discuss Population Problems of Future"]

[Text] The number of persons who inhabit Finland will begin to decline during the next decade. It can also be predicted with considerable certainty that the downhill trend will pick up speed soon after that. The population's age structure has already been altered for a long time: the number of children has dwindled, and the number of elderly persons has increased. During the next few years, the percentage of persons in the work force will start to diminish as well.

All the signs indicate that after the year 2000 Finland will be a country with a rapidly decreasing and aging population. Yet this nation lacks a comprehensive population policy and program. We have not even debated which authority is primarily responsible for such planning.

Is the reason for our unconcern the fact that thanks to large postwar age-classes the percentage of persons in the Finnish work force has remained higher than in most other industrial countries? It will be a different story 15 years from now, and in the year 2025 the number of elderly persons in proportion to the work force will be the highest of all the industrial nations--unless there is a substantial change in the way we regard the birthrate. To top it all off, the smaller and smaller age-classes reach the age of fecundity each year, and the acquisition of children is often postponed or avoided in order to achieve other goals.

The demands made by education have increased. People are getting married later in life than they used to. Afterwards, they have to pay off their college debts and save up for an apartment. An unsuccessful housing policy does not make it any easier economically to acquire children in a society in which work life also exacts more than before. Nor have the conditions for part-time work been created which correspond to the need and demand. There is also an ongoing debate about



The percentage of the population over 65 years of age will almost double between 1980 and 2020. Correspondingly, the percentage of those under 20 years of age will be reduced by one-fourth.



a general reduction in working hours, which in no way will alleviate the problems of families with young children.

Family policy is mostly just cosmetics by which the decisionmakers strive to show how friendly they are to families with children. Managing director Kauko Sipponen is right when he says that the political parties are filled to overflowing with guardians of the affairs of elderly persons. The latter must by all means be taken care of, but the decisionmakers cannot afford to forget what sort of social and economic problems an abruptly decreasing and aging population will cause in the future. Why, our entire national existence may be jeopardized, as Finance Minister Esko Ollila pointed out at the forum "Finland in the Year 2010."

It is not much comfort to Finns that many other industrial nations are forced to grapple with the same dilemmas. In those countries, the manpower needed by industry has been reduced for a long time; here the number of workers is just now starting to decline. Current problems of unemployment should not prevent us from looking into the future, when the demand for manpower and management in many service areas will inevitably grow but the number of workers will be limited. Finance Minister Ollila has good reason to worry about who will perform work and pay taxes during the next millennium.

The first nostrums Minister Ollila prescribes are measures to increase the birthrate, emphasize retraining of the adult population, and shift the financial basis of social security away from dependence on wages. Foolish efforts are also being made to lower the retirement age. He rightfully asks: "Does it make any sense to allow increasingly healthier workers to draw longer and longer old-age pensions at an earlier date?" Alternatives must at least be offered to those in retirement.

Above all, the need for a comprehensive population policy and program is becoming more and more urgent. Their implementation must swiftly be seen as an essential task to be discussed far and wide. Nowadays there is an overconcentration on topical and often artificial problems.

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## CNPF PRESIDENT GATTAZ PROPOSES NEW EMPLOYMENT POLICY

Paris LE MONDE in French 5 Mar 86 pp 1, 36

[Article by Yvon Gattaz: "Jobs, Jobs, Jobs!"]

[Text] Many Frenchmen believe that the first three national priorities today are employment, employment and employment.

The only way we can free ourselves of these three obsessive priorities is by finding true and lasting solutions to the problem. Incantations, however emotional, will never succeed in exorcizing the demon of unemployment. Should we then resign ourselves to this powerless state? Certainly not. We know that decadence starts when man begins to ask: "What will become of us?" instead of: "What are we going to do?"

Let there be no mistake: Unemployment is due first to a reduction in the number of jobs. According to the OECD, employment statistics for the seven major powers between 1983 and 1985 indicate that during this period, France was the only major modern power with a decline in jobs, while the six other countries experienced an increase in jobs (see table, further).

A few days ago, official figures revealed that the number of jobs again declined in 1985 by 85,000, not including jobs lost in farming, and that, following a slight dip, the number of job seekers rose 2.3 percent in the month of January 1986 alone.

In addition, France has the highest rate of youth unemployment over the longest periods: 40 percent of the unemployed are age 25 or younger, and one out of five of these has been unemployed for over 1 year.

Youth unemployment is more than an economic and social problem: it is a societal problem. What does the future hold in store for jobless youths? At best, they will become accustomed to not working, which is a serious problem for France's future. At worst, they will turn to crime. And between these two extremes, they may well be exposed to all forms of desperation.

The situation bears watching: Should a social revolution occur in France, it would not be initiated by workers who are more or less satisfied with their employment and with their salaries, but by desperate jobless youths to whom

society is unable to offer any prospects brighter than chronic unemployment. The French and their political leaders speak of unemployment with emotion--and rightly so. But it is the people who create jobs--the industry leaders--who are in a better position to discuss employment. Granted, employment is not the end product of a business, but it is directly related to company prosperity. To avoid any potential confusion, let it be said that there is no miracle cure for unemployment. This would have been discovered. Industry leaders are not charlatans.

On the other hand, unemployment is not a hopelessly irreversible state, contrary to conclusions gleaned from the hasty interpretation of certain econometric models which project the future as a rectilinear extension of the past. In fact, these pessimistic projections may be countered by the positive attitude described in the very title of Octave Gelinier's "Unemployment Can Be Cured...If We Want" (Footnote 1) (Editions Hommes et techniques).

There exists a certain number of partially effective solutions to the unemployment problem but the true and only recipe is to strive relentlessly to provide employment for the jobless. It is an error to believe that a few partial measures will provide proportional results. The impact is often insignificant and even nonexistent. As with antibiotics, only a given dose of medicine will effect a cure. Smaller doses are completely ineffective.

First, growth is inextricably linked to employment, and everything must be done to promote growth without inflation. The relationship is not one-sided: increased employment can in itself act as a factor to spur growth. The two can be encouraged by implementing measures that will interact. The first three priorities should be addressed by three countermeasures: training, tax policy and flexibility.

1. Training is essential because without proper training, there are no qualifications; and without qualifications, there are no job prospects. At the local level, technological advances may seem to destroy jobs. But in fact, overall, technology means changing jobs that require new qualifications.

Whether it is provided initially or in alternating or continuing fashion, training creates competence and professional ability. For the enterprise, it represents a costly investment, but it is indispensable and complements its other investments. Our alternating "business youth" training contracts are highly successful: In a 10-month period, our companies have proposed over 200,000 contracts and the annual rate of 300,000 has been exceeded for over 6 months. This pace could be accelerated by a radical simplification of administrative formalities.

In addition, in order to spur employment of the young, France must reinstate on-the-job training which could be modeled on the programs adopted by West Germany, where there are now 1,800,000 trainees. Hiring a youth for on-the-job training must be more than an expense and a risk: It must become a plus for the enterprise.

2. Taxation of French corporations ranks among the highest in the world. This discourages job creation. Companies will create new jobs only if they

can be certain that they will remain competitive relative to foreign firms and thus gain a share of world markets. At the end of 1984, mandatory withholding on corporations in France was 17.3 percent of gross domestic product, while for the other OECD countries, it averaged 9 percent of GDP. Thus, corporate income and payroll taxes in France are nearly twice those in the other industrial nations.

A typical example of the twisted effects of this tax system: France is the only place where businesses are not allowed to make a provision for tax purposes for the (preferential) debt contracted with its employees for paid annual leave. This truly represents a "tax on new employment" estimated at Fr 3,000 per year for a monthly salary of Fr 5,300.

#### Customs Duties

Another example is the business tax which affects both new investment and new jobs as it constitutes not only a true reverse customs duty by favoring imports and penalizing exports, but also a large obstacle to hiring. This is why business leaders insistently request that it be reduced.

Similarly, the extremely high payroll taxes in our country act as a brake to employment. As we all know, France is the only country which requires that total contributions for family allocations be paid by the corporation.

3. Flexibility is in fact the reverse of the rigidity which is smothering our enterprises. It means suppleness, mobility, adaptation questioning, change; in a word, it is life: the life of the enterprise. At the same time, it is social progress, contrary to one widespread belief.

It was long believed that social progress meant security, rigidity, regulation and irreversibility of acquired benefits. But today, true social progress is employment, a cause for which we must all unite. And this cause is hampered by rigidity.

In general, salaried workers have understood this fact; increasingly, they are taking more stock in their companies, they have a better understanding of their employers' limits; they are also seeking personalized working conditions, flexible hours and wage differentiation.

In sum, the principal types of flexibility that create jobs are the following:

-Freedom to lay off personnel: There is disagreement on whether elimination of the requirement for government authorization prior to laying off staff for economic reasons would create or destroy jobs.

It has been argued that this might even result in a massive increase in the number of job seekers; this was due to a misinterpretation of an INSEE study. Three economic research institutes, GAMA, OFCE and IPECODE, have estimated the "theoretical" increase of job applications that are currently blocked due to refused authorizations at between 15,000 and 60,000, a theory which is too strictly econometric.

Indeed, the problem appears in a different light if elimination of this authorization is examined under the angles of jobs destroyed and jobs created.

First, surplus workers who are artificially employed because of labor regulations.

These surplus workers exist in a number of mostly large, well-known companies. Econometric calculations of these surplus workers do not have much significance because nobody is going to open the gates of unemployment by massive layoffs thereby flooding the labor market with job applicants from one day to the next. Business leaders do not want this. The convivial atmosphere which has increasingly developed in companies implies understanding.

In addition, for each layoff for economic reasons, a social plan must be negotiated with the company's employee-management committee. This would remain, as all other existing benefits would remain.

Finally, legal recourse to the labor-employer conciliation board would be ipso facto re-established--a right that could not coexist with the administrative authorization. Justice would finally supplant arbitrary decisions. And experience in other countries shows that there is no need to fear a massive overload of the system.

#### No Flood

It is likely that the existing surplus of workers will therefore follow roughly the same curve, whether authorization stays or goes, and that no dangerous flood will be unleashed.

As for new jobs, these would be created rapidly in small and medium enterprises which have openings but are currently reluctant to hire for fear that they will be unable quickly to reduce their staff in case of a business downturn.

The degree of efficiency of this hard-to-quantify freedom will essentially depend on business leaders' confidence in its permanence: They may fear that this is an opportunistic decision of a temporary nature and that it may be canceled from one day to the next depending on circumstances.

Confidence would then play a capital role--confidence in the government, of course, but especially in the attitude that the labor organizations and the CNPF will adopt at that moment. Our guarantee will be indispensable to the operation's success. If businesses gave this confidence, they will hire, and they will employ far more workers than we think: A May 1984 study conducted by PRAGMA projected that at the time, over 350,000 workers could be employed simply by eliminating this authorization.

Employment Growth (in thousands of jobs)

	1983	1985 (preliminary figures)	Difference 1983-1985
U.S.	103,000	109,400	+ 6,400
Japan	57,330	58,080	+ 750
United Kingdom	23,700	24,310	+ 610
Canada	10,800	11,380	+ 580
Italy	20,920	21,020	+ 100
FRG	25,190	25,310	+ 120
France	21,730	21,380	- 350

Need we repeat that this prior government authorization does not exist in any of the other major industrial nations which are in fact creating jobs. In addition, it implies government responsibility in all layoffs, which is not its role.

Yes, elimination of the government authorization for adapting staff levels to business activity will create jobs, a great deal of jobs. French business leaders believe that this, together with price deregulation, constitutes the highest priority.

--Wage flexibility will primarily promote recognition of individual merit and rewards for those who place their abilities and their energy at the service of the enterprise in the interest of all of its members. The egalitarianism that has been preached for so long was often the virtuous expression of social jealousy.

Finally, let us not forget the "small jobs" with a low value added which have contributed so much to employment in the United States during the past several years and which often include transitional jobs at temporarily reduced pay. The significant support awarded to the SMIC--surely in a spirit of generosity--has worked against employment, and particularly against youth employment.

--Flexibility in working conditions includes flexible hours (initiated by business leaders and, for the past 15 years, negotiated directly with employees, despite the initial and incomprehensible opposition of the unions), all forms of differentiated work and the arrangement of work hours over long periods, which we call "annualizing."

Part-time jobs alone occupy 21 percent of workers in the Netherlands, 19 percent in the United Kingdom, 15.8 percent in Japan, 14.1 percent in the

United States, but less than 9 percent in France... We underutilize this source of jobs, and freedom must be restored to all of these forms of differentiated work: part-time and temporary jobs and fixed-term contracts.

--Flexibility in legislation on employee thresholds will also be an important factor in employment. Many business leaders are reluctant to hire more than 9 or 49 employees because they fear the avalanche of tax, social and administrative constraints that become effective above those thresholds. Thus, when a business increases its staff from 49 to 50 employees, the number of "protected" employees (personnel representatives, union representatives, members of the employee-management committee, etc.) may increase from 14 to 18 in number, or to 36 percent of its staff. A world record.

It therefore comes as no surprise that there exist scores of "clubs of 9" and "clubs of 49"--companies which stop growing because of the employee thresholds but which could otherwise hire additional staff.

Another significant measure would be to broaden the small business category from the existing 10 to 50 employees to the level of 10 to 100 employees, which would better correspond to this type of company, and, of course, would reduce administrative and social regulation constraints. Finally, a degree of flexibility in the conditions for submitting candidacies in the first round of professional hiring would remove some of the barriers to employment in medium size enterprises.

#### Desire

In examining this difficult problem of employment, it can be claimed that we place too much importance on factors that are not quantifiable. But beware of econometric models which minimize the effects of the various types of flexibility. The INSEE (which has in fact admitted the negative consequences of certain rigid measures, such as employee thresholds) used for its simulations the "mini-DMS" model in which employment depends essentially on the level of demand. It cannot account for the favorable effect of flexibility on supply, and INSEE recognizes this outright.

What we claim is that, on the domestic and export markets, there exists a variable but sustained demand for our products as long as they are competitive, but that our businesses, muzzled by rigidity, are not in a position to respond to this demand and therefore cannot hire.

Employment may be back tomorrow. But it must be a true desire and every one of these measures must be implemented--every single one. Freedom and flexibility will create economic growth... And business will create jobs.

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## BRIEFS

PRIVATE DEPOSITS RISE--Private deposits noted an increase of 663.3 billion drachmas in the twelve-month period, January to December 1985, compared to 582.8 billion drachmas in the same period in 1984, and 331.3 billion drachmas in the twelve-month period of 1983. According to data from the Bank of Greece, sight deposits increased 27.9 billion drachmas, compared to 35.13 billion in 1984, savings deposits were up 431.36 billion drachmas, and blocked deposits rose 8.84 billion, versus 6.53 billion in 1984. Last December, an increase of 239.7 billion drachmas was seen in private deposits, versus a rise of 204.8 billion in December 1984 and 134.8 in December 1983. This increase is due to a 5.5-billion drachma rise in term deposits (last year's increase was 12.9 billion drachmas), 199.8 billion in savings deposits, and 31.94 billion in sight deposits (compared to 23.9 billion in December 1984), while blocked deposits noted an increase of 2.4 billion drachmas, versus 2.3 billion in the same month in 1984. [Text] [Athens I KATHIMERINI in Greek 12 Mar 86 p 7]



## STUDY SHOWS ECONOMY NOT RECOVERING BEFORE 1990

Lisbon DIARIO DE NOTICIAS in Portuguese 21 Feb 86 p 4

[Text] According to an article in the magazine ECONOMY AND SOCIALISM published yesterday, a study made by the Damiao de Gois Institute considers it highly unlikely that the Portuguese economy will recover before 1990.

Written by economist Ivo Pinho, the article states that in 1990 the rate of unemployment "is expected to reach an extremely high level," based on two well-founded hypotheses.

The first and more pessimistic of the two, calculated on an extrapolation of past trends of the Portuguese socioeconomic system, predicts that the rate of unemployment will reach 20.6 percent in 1990 and 16.4 percent by the year 2000.

"These rates will be tolerated only if measures are taken to improve the levels of training and job opportunity and, especially, if there is a review of the present laws on social security and unemployment compensation," the article stresses.

The second hypothesis, more optimistic, predicts that the rate of unemployment will reach 20.5 percent in 1990 but will level off to about 12.6 percent by the year 2000. This positive development in the rate of unemployment at the end of the century is to occur as the result of "very favorable demographic growth."

The study made by the Damiao de Gois Institute emphasizes that in the foreign trade domain "the situation also promises to be somewhat critical in 1990: we have only to see a deterioration in the exchange terms--the ratio between the exports and imports--for our foreign debt to reach levels which are virtually intolerable."

The pessimistic hypothesis predicts that our exports will attain a growth rate of 4.1 percent between 1985 and 1990 and 4.6 percent between 1990 and 2000.

The second hypothesis maintains that exports will experience a growth rate of 4.1 and 5.7 percent respectively for those same time periods.

In the case of the pessimistic hypothesis, the GNP is expected to grow at the rate of 3.3 percent until 1990 and 3.6 percent during the last decade of the century.

In the case of the optimistic hypothesis, the comparable figures are expected to be 3.9 and 4.7 percent respectively.

Ivo Pinho points out that the growth in the GNP from 1990 to the year 2000 is the result "of heavy investment made basically in the agro-nutritional sector and modernization sectors--mechanical and chemical equipment and goods."

In the case of the optimistic hypothesis, it is predicted that investments will come to about 5.1 percent between 1985 and the year 2000; with the pessimistic hypothesis, investments are predicted to be 3.3 percent in 1985 and 3.6 percent between 1990 and the year 2000.

In the next 15 years the agro-nutritional sector will experience "a serious increase in the rate of unemployment and the destruction of work stations." From 1985 to 2000, the overall incidence of agricultural employment will be reduced by 7.6 and 9.6 percentage points in the pessimistic (tendential) and optimistic hypotheses respectively.

The work force thus released is to be absorbed by two sectors--construction and equipment and services.

In the latter sector about 224,000 and 336,000 jobs will be created respectively in accordance with the two hypotheses.

According to Ivo Pinho's article, between 1990 and 2000 the Portuguese economy will show improvement with regard to the principal socioeconomic indicators.

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